

سكان العمل

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WORLD NEWS

Caribbean banana exporters urge EU to honour deal

Caribbean banana exporters, at the centre of the trade dispute between the US and the EU, say they hope Europe will continue to honour its 'legal obligations'...

Greenpan intervenes in row
Alan Greenpan, chairman of the US Federal Reserve, has intervened in the controversial campaign to limit US community lending laws...

IMF denies Thai U-turn
The International Monetary Fund denied doing a policy U-turn in allowing Thailand to swing away from an austerity programme into deficit spending...

WTO takes India to task
The World Trade Organisation has ruled that India can no longer reasonably cite balance-of-payments problems as an excuse for import restrictions...

Call for extra Japanese help
Japan's opposition leader urged the government to introduce a supplementary budget to ensure that growth is sustainable amid economic restructuring...

Brazilian probe into judiciary
The Brazilian Senate launched an investigation into corruption in the judicial system and an inquiry into the banking sector...

Talks on UK withholding tax
City of London bankers and trade associations met the UK Inland Revenue to discuss a possible compromise that would exempt international bonds from the European Commission's plan for an EU-wide withholding tax...

Inquiry into television exports
The UK government launched an inquiry into sales of British television programmes overseas after a report highlighted the difficulties of export sales amid a widening television trade deficit...

'Red tape' hampering trade
Six out of 10 western companies experience difficulties with customs 'red tape', which hampers trade with central and eastern Europe...

Airline sues pilots over strike
Iberia, the Spanish airline, is to seek Pts4bn (€24m, \$26m) compensation from its pilots' union for costs incurred by strike action over the Easter holiday period...

Retailers face competition probe
The UK government's fair trade watchdog said it was concerned about potential exploitative practices and a lack of competition in the UK grocery retailing sector...

BUSINESS NEWS

Gucci rejects \$8.7bn offer from LVMH

Gucci, Italian fashion company, rejected an offer of \$8.5 a share from LVMH, the French luxury goods group, saying conditions attached to the bid were unacceptable...

Volkswagen, Europe's largest carmaker, appeared to be eyeing a major acquisition after asking shareholders to approve an increase in its authorised capital by 40 per cent...

Canal Plus, French pay television company, has offered to acquire the satellite subscribers of Stream, rival to its Italian Telespazio service...

Cap Gemini, Europe's biggest information technology services group, is paying \$200m for Beechwood, a US computer services company serving the north American telecommunications market...

Humana, US health management organisation, suffered a fall in shares of more than 30 per cent in early trading after it announced a drastic increase in medical costs...

Cadbury Schweppes, UK confectionery and beverage group, is confident its planned \$1.85bn sale of soft drink brands outside the US to Coca-Cola will proceed despite objections from Australia's competition watchdog...

Philips, Dutch electronics group, could make a higher offer for VLSI Technology, Silicon Valley chip-maker, after reaching a standstill agreement on its recent hostile bid...

Dialle and Wireless, UK telecoms group locked in a takeover battle for Japanese international telecoms carrier IDC with NTT, Japan's telecoms giant, could raise its offer if IDC directors do not recommend its bid at a board meeting next week...

Bickson Concepts, Hong Kong owner of London's upmarket retailer Harvey Nichols and ST Dupont of France, is to move its foreign assets into a private company in a deal worth at least HK\$1.53bn (\$197m)...

Sol Meliá, Spanish hotel group, is seeking to expand rapidly in Europe following a controversial restructuring...

Saga Petroleum, Norway's third largest oil company, announced plans to sell up to Nkr2bn in assets and trim costs to increase its appeal to potential partners...

Lex on Gucci
Shifting sands Page 14

CENTRAL BANK PRESIDENT SEEKS TO STIMULATE ECONOMIC GROWTH IN EUROPE

ECB makes surprise half-point cut in main interest rate

By Tony Barber in Frankfurt and Alan Beattie in London

The European Central Bank last night cut its benchmark interest rate by a bigger than expected half a percentage point. The cut was the ECB's first such move since the euro's launch at the start of this year...



Mr Duisenberg said the bank's move would stimulate economic growth at a time when business confidence was low and the euro-zone's leading economies had been suffering from the impact of recession and financial turmoil in Japan, south-east Asia, Russia and Latin America...

The ECB announced its rate cut on the same day that newly released figures showed continuing weakness in the German economy, which accounts for one third of the euro-zone's output. Immediately after the ECB's move, the Swiss National Bank cut its main discount rate to 0.5 per cent from 1 per cent...



Zhu Rongji and US president Bill Clinton standing ceremonies at the White House to mark the Chinese premier's visit to the US as trade officials sought to complete a bilateral market access deal to pave the way for China's entry into the World Trade Organisation...

Nato to target Serb 'propaganda' media

By Our International Staff

Nato said yesterday it planned to destroy Yugoslav television and radio facilities, calling them President Slobodan Milosevic's 'instrument of propaganda'. It is to press ahead with its attacks in spite of the arrival in Belgrade of a Cypriot mediator seeking the release of three captured US soldiers...

with its Kosovo refugee population of more than 300,000. Fourteen Nato countries will take part in the operation, which will involve 8,000 soldiers and a mobile headquarters. Nato stressed the operation was purely humanitarian but there was speculation yesterday that the soldiers could later form part of the planned Nato-led security force to protect refugees returning to Kosovo...

spokesmen confirmed that Yugoslav television and radio installations were now considered main targets since the state broadcaster had been used as an 'instrument of propaganda and repression'. Serb police have closed all independent Serb broadcasters and sacked the offices of the Albanian language newspaper in Kosovo. Nato officials in Brussels suggested Mr Milosevic could avert attacks on his broadcast media by agreeing to carry six hours of international programmes a day...

S Korea watchdog to investigate Hyundai

By John Burton in Seoul

South Korea's financial watchdog agency is to investigate the Hyundai group for allegedly manipulating the share price of Hyundai Electronics, in the first such probe involving one of the nation's leading conglomerates. The Financial Supervisory Service, or FSS, alleged yesterday that Hyundai Heavy Industries and Hyundai Merchant Marine spent a total of Won220bn (\$180m) last year to boost the share price of Hyundai Electronics...

on Wednesday. Share prices for 16 of Hyundai's 21 listed subsidiaries fell yesterday after the FSS investigation was announced. If state prosecutors decide to act on the FSS allegations, minority investors might file a suit against Hyundai Heavy Industries, which has become a target of Korea's main shareholder activist group. It claims that profitable Hyundai Heavy, Korea's biggest shipbuilder, is subsidising weak units of the Hyundai group - including Hyundai Electronics - at the expense of shareholders...

Hyundai denied that its purchase of Hyundai Electronics shares was related to its takeover of LG Semicon. It said the action reflected an investment 'in a then-undervalued company'. Hyundai also pointed out that most of the shares were bought last summer before Hyundai and LG agreed to merge their semiconductor units in September. Analysts said Hyundai's action might be related to an effort by all leading conglomerates to strengthen cross-holdings among subsidiaries and protect them against takeover bids after the government last year eased rules on mergers and acquisitions...

WORLD MARKETS

Table with stock market indices, gold prices, dollar rates, and other financial data.

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ECB RATE CUT DECISION COULD BOOST FLEDGLING CORPORATE SECTOR

Bond markets react positively

By Edward Luce and Arvid Ostrowsky

Europe's bond markets reacted positively to yesterday's rate cut by the European Central Bank although it came too late in the day for its full impact to be felt. The reduction in rates - the first since the single currency was launched - is expected to accelerate the rapid development of Europe's fledgling corporate bond markets.

"Interest rate cuts are good for liquidity and this will encourage borrowers to

issue bonds in euros," said Martin Egan, an official at Credit Suisse First Boston in London. "Its effect should also be a further boost to the recent stabilisation of global financial markets."

By making it less attractive to hold money in short-term bank deposits, the cut is expected to encourage European investors to switch their cash to longer-term and higher-yielding assets such as government bonds.

However, the impact on government bond yields yesterday - with the yield on

the two-year German government bond falling most sharply (in line with a corresponding rise in its price) - indicates that the cut will also affect the corporate bond markets, where yields are higher.

A number of leading European companies have visited the bond markets for the first time since the launch of the single currency. By boosting the overall pool of funds available for such assets, the ECB's action should encourage more companies to tap the markets. In addition, the rate reduction

is expected to have a positive impact on Europe's economic growth potential.

Analysts are less optimistic about the effect of the ECB cut on the swaps market in euros. A liquid and lively swaps market - which involves swapping fixed for floating-rate money - is considered vital to the development of a sophisticated capital market.

However, the development of a liquid euro-swaps market is hampered by the fact that there is no clear benchmark for the fixed rate portion of the contract in

Europe. In the US, it is government Treasury bonds. But in Europe the AAA-rated bond market is fragmented between different government bond markets. "Arbitrage in euros is still very difficult," said Eden Riche, head of the bond syndicate at Morgan Stanley in London. "If the rate cut encourages the markets to lock themselves into the lower rate of interest then it could boost swaps (in spite of the fragmentation of the market)."

The ECB governing council will hold its twice-



Duisenberg: Inflation risk low

monthly Thursday meetings earlier in the morning in future and make announcements at 1300 GMT. Wim Duisenberg, president, said yesterday.

Cut aimed at stimulating euro-zone economy

By Tony Barber in Frankfurt

The European Central Bank's intention in cutting interest rates yesterday was to stimulate the euro-zone economy at a time when growth is low and there is no serious risk of inflation, the ECB's president, Wim Duisenberg, said yesterday.

"The decision taken today keeps monetary policy on a longer-term stability-oriented course and, by doing so, contributes to creating an economic environment in which the considerable

growth potential of the euro area could be exploited," Mr Duisenberg said.

However, he reminded euro-zone governments of the ECB's view that they must maintain strict fiscal discipline and reform over-regulated labour and goods markets if they wanted lasting economic growth and lower unemployment.

"Those responsible for other policy areas are urged now even more to take the necessary steps to improve longer-term growth prospects for the euro area through

strictly and decisively adhering to the aims of the [European Union's] Stability and Growth Pact and through convincing structural reforms in the economy."

Mr Duisenberg said the ECB's policymaking Governing Council had noted at its last meeting in March that overall growth prospects in the euro-zone had deteriorated towards the end of last year.

"In the meantime, official data confirm that real GDP growth in the euro area weakened in the fourth quarter of 1998, when compared

with the previous quarter. The weakness is particularly apparent in the manufacturing sector, where confidence deteriorated further," he said. The ECB president also noted that the most recent data on employment in the 11-nation euro-zone pointed to "a certain deceleration" in net job creation in the last three months of 1998.

Mr Duisenberg said the Governing Council had taken account of the fact that the ECB's consumer price inflation index had for several months registered an

annual rate of increase of less than 1 per cent. "Even though some increases are likely to be seen in coming months owing to the reversal of energy price trends, the more lasting effect on the outlook for future prices comes from the economic environment," he said.

"Indeed, reflecting the economic environment, many projections for future consumer price increases in the euro area have been revised downwards," he said, adding that it appeared unlikely that consumer prices would

grow out of line with the ECB's definition of price stability - an annual rate of less than 2 per cent.

Mr Duisenberg indicated that the Governing Council's decision to cut rates had also been influenced by a slowdown in the rate of M3 money supply growth in February. He noted that the ECB's three-month moving average of M3 growth, covering the period from December to February, was 3.1 per cent, higher than the bank's so-called reference value of 4.5 per cent.

UK looks at compromise over withholding tax

By George Graham in London and Emma Tucker in Luxembourg

City of London bankers and trade associations met yesterday with the UK Inland Revenue to discuss a possible compromise that would exempt international bonds from the European Commission's plans for an EU-wide withholding tax on income from savings and investments.

But financial institutions remain concerned about the withholding tax, and believe the compromise proposal would at best limit the damage it would inflict. "If you

have a fundamentally flawed directive, smoothing off the rough edges doesn't stop it being flawed," said one City official.

The compromise now being explored would involve distinguishing between institutional and retail investors in international bonds by exempting issues whose minimum holding is more than €40,000 (\$43,000). The tax directive's principal goal is to cut down on tax evasion by retail investors.

Although the original idea emanated from the bond industry - the €40,000 cut-off is drawn from an existing

EU directive on public offerings of securities - many in the City still have grave misgivings about its workability. Some UK government officials, too, believe a cut-off would fail to make a clear enough boundary between wholesale and retail investors.

Bond houses also demand a blanket exemption for existing international issues, where special redemption clauses could otherwise be triggered by the new tax. This would require a different definition.

Other EU member states have not dismissed the idea of excluding the wholesale market for international

bonds, according to EU diplomats, but that partly reflects a lack of understanding by other governments of the issues at stake.

UK officials have been told to continue work on the idea of a threshold, and to focus particularly on the definition of a wholesale transaction.

Although the withholding tax is expected to be discussed by EU finance ministers at an informal meeting in Dresden next week, the proposal will not be examined formally by officials before next month.

Germany, which holds the presidency of the EU, will be pushing for political commit-

ment to continue work on the proposal. Finland, which takes over the presidency in July, could then continue the negotiations.

The withholding tax proposal requires unanimous approval, but the British government is eager to find some solution that would avoid the need to use its veto. However, the UK is no longer completely isolated, since Luc Frieden, Luxembourg's budget minister, has now said his country will refuse to discuss the issue.

Momentum behind the proposal could fade if Mario Monti, the commissioner who drew up the plans, is

not reappointed to his current post. Mr Monti has pushed the proposal relentlessly, putting pressure on the UK not to veto the plans by linking acceptance of a pan-European withholding tax to plans to liberalise Europe's pensions investment market.

That lever has now disappeared, as new pensions legislation has been delayed following the resignation of the European Commission and its subsequent commitment not to undertake any new political initiatives until a new college is appointed.

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GERMAN UNEMPLOYMENT

Small drop highlights sluggishness of economy

German unemployment dropped just 3,000 last month to 4,073m after seasonal adjustment, highlighting the sluggishness of the country's economy. Although continuing a downward trend, the fall was lower than expected and followed a 8,000 drop in February. It came despite more job-creation schemes for the young by the Bonn government.

Seasonally-adjusted unemployment peaked in October 1997 at 4.52m but was still last month equivalent to 10.5 per cent of the workforce.

The unadjusted jobless total, which receives more attention in Germany, fell by 176,400 to 4,288m in March. Bernhard Jagoda, president of the federal labour office, said the weakness of economic growth had prevented a steeper drop and, after taking account of seasonal influences, the jobless total remained practically stable.

The centre-left government of Gerhard Schröder, chancellor, has set tackling unemployment as its highest domestic priority.

Ralph Atkins, Bonn
Ludolf von Wartenberg, secretary general of the Association of German Industry (BDI), said yesterday that it was essential that the European Union fix a date for eastern enlargement. Mr Wartenberg said in a lecture in Warsaw that the enlargement process was bringing benefits for German industry and that his BDI will oppose efforts to delay the process. Christopher Robinski, Warsaw

ANDREOTTI TRIAL

Call for 15-year jail term

The marathon trial of Giulio Andreotti, the former Italian prime minister, yesterday moved towards its close when a prosecutor in Palermo called for him to serve a 15-year jail sentence for association with the mafia.

After three-and-a-half years of public hearings Roberto Scarpinato, one of the leading prosecutors in the case, said Mr Andreotti deserved 12 years in jail for mafia association and three more because his links to "Cosa Nostra," the Sicilian organised crime group, had gone on for so long. Andreotti, seven times prime minister, turned 80 earlier in this year. Defence lawyers are due to make their final statements on May 18. James Blitz, Rome

SWEDEN-DENMARK LINK

Tickets plan irks consortium

The imposition of VAT on tickets to cross the 17km bridge and tunnel link between Sweden and Denmark has forced the company building and running the project to add another three years to its loan repayment plans, it will announce today.

The Oresund consortium which is owned 50/50 by the Swedish and Danish governments said it would be impossible to add 25 per cent VAT to planned ticket prices as this would make the train and road link uncompetitive with ferry travel which is exempt from VAT.

The Oresund consortium, which had debts of Dkr13.3bn (\$1.9bn) at the end of 1998, had planned to complete loan repayments 27 years after the opening of the link but it now expects this to take 30 years. The link is to be opened next year on July 1. Nicholas George, Stockholm

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INTERNATIONAL

FISCAL PLAN GOVERNMENT HOPES TO SATISFY MARKETS BY RAISING REVENUES, TACKLING PUBLIC DEBT AND REDUCING THE BUDGETARY DEFICIT

Lebanese business community welcomes budget

By James Schofield in Beirut

Lebanon's state budget, proposing a wide range of taxes and other fees and charges, and a lower budget deficit, was well received yesterday by the country's business community.

without significant amendment.

"The markets have been waiting for a budget that will raise revenues, tackle the public debt and budget deficit," said Henry Azzam, chief economist and managing director of Middle East Capital Group.

The prime minister.

The new government has set itself a target of reducing the budget deficit from 43.3 per cent in 1998, according to official figures, to 40.2 per cent.

includes an increase of \$104m in servicing the public debt.

Mr Marwan Barakat, head of the economic research unit at Banque Audi, a leading Lebanese bank, said the government had included all relevant data in the budget, which he praised for its

transparency. "A budgetary deficit of 40 per cent is a good figure, because it's either going to be met or its going to be outperformed."

Economists said investors were also eagerly awaiting details on the government's new five-year fiscal reform plan.

Mr Sader said the programme called for corporatisation of public utilities, restructuring of public debt and a new tax system.

Among other revenue generating measures, the budget proposes a 5 per cent rise in corporate tax rates from a flat rate of 10 per cent to a new rate of 15 per cent.

imported, luxury or non-essential goods, including liquor, beer, imported flowers, cigarettes and ready-to-wear clothes.

It also includes a progressive tax rise on individuals. But people earning \$670 a month or less and families with three or more children will be tax exempt.

Nazareth mosque plan fuels religious rift

By Judy Dempsey in Jerusalem

Relations between Nazareth's Christian and Muslim communities yesterday further deteriorated after the Israeli government proposed building a small mosque on front of the city's Church of the Annunciation in a belated effort to resolve the dispute but also woo Israeli Muslim votes for next month's election.

The proposal, which Islamist leaders said did not go far enough unless the mosque was built immediately and allocated more space, was expected to deepen the rift between Christians and Muslims. The recent Easter and Christmas celebrations were marred by violence between both communities, with city authorities complaining that the police stood on the sidelines while Christian shops were ransacked.

The proposal runs counter to an earlier commitment by the Israeli Lands Authority, the state body which owns 93 per cent of all land. It had agreed to hand over to the city municipality a plot of land on front of the church as part of a plan to build a square to accommodate pilgrims during the millennium. Municipal officials in Israel's largest Palestinian city said yesterday it was now reneging on that agreement.

Micha Goldman, opposition Labour party member of the Knesset (parliament) interior affairs committee, yesterday accused Benjamin Netanyahu's government of being "two-faced" and doing little "to quell the hatred." Likud party activists as well as officials from the Shas ultra-Orthodox party have been making promises to the Muslim community in an effort to gain votes in next month's parliamentary and premiership elections.

Rwanda tries to bury the horror

Five years on, the country still has a long way to go to recover from Africa's worst genocide, writes Mark Turner

Five years ago this week two missiles brought down a Falcon 50 presidential jet as it approached Kigali, the Rwandan capital. Among those on board was Juvenal Habyarimana, the Rwandan president, and symbol of hardline Hutu majority rule.

What ensued was perhaps the most ghastly series of events since the Holocaust. In a well-organised killing spree lasting 13 weeks, more than 500,000 ethnic (minority) Tutsis and moderate Hutus were slaughtered, leaving the tiny central African state in a state of moral and economic shock.

Five years on, the country is still haunted by the events, trying to come to terms with exactly how neighbours and friends could, at the behest of a murderous and paranoid regime, abandon the most basic tenets of human morality.

The United Nations, the US, France and Belgium are similarly asking themselves why, when faced with substantial forewarning of the impending horrors, they did nothing to stop the slaughter. Rwandans yesterday marked the genocide by vig-

ilantied country. Survivors want, however, that the country still has a long way to go before reconciliation can be achieved.

Commentators say that genocide suspects have shown little remorse, and that the justice system - hampered by a huge lack of capacity - is proving slow. About 135,000 people are still in jail, and barely 1,000 cases are processed a year.

Furthermore, the international Tribunal in Arusha has little to show for its expense - although it marked a watershed last year with the sentencing of former prime minister Jean Kambanda. It most recently came under fire for releasing Bernard Ntuyahaga, a former army officer accused of murdering 10 Belgian peacekeepers, outraging both the Rwandan and Belgian governments.

To help address these complaints, the government intends to revive a traditional court system, the Gacaca, where elders will preside over community trials dealing with the less serious genocide offences, although there are doubts whether a system which originally dealt with petty crime can cope with the task.

"Rwanda's main task at the moment is to look inward, and find explanations and reasons for our



Rwandans line up behind their candidate in the first free elections since the killings



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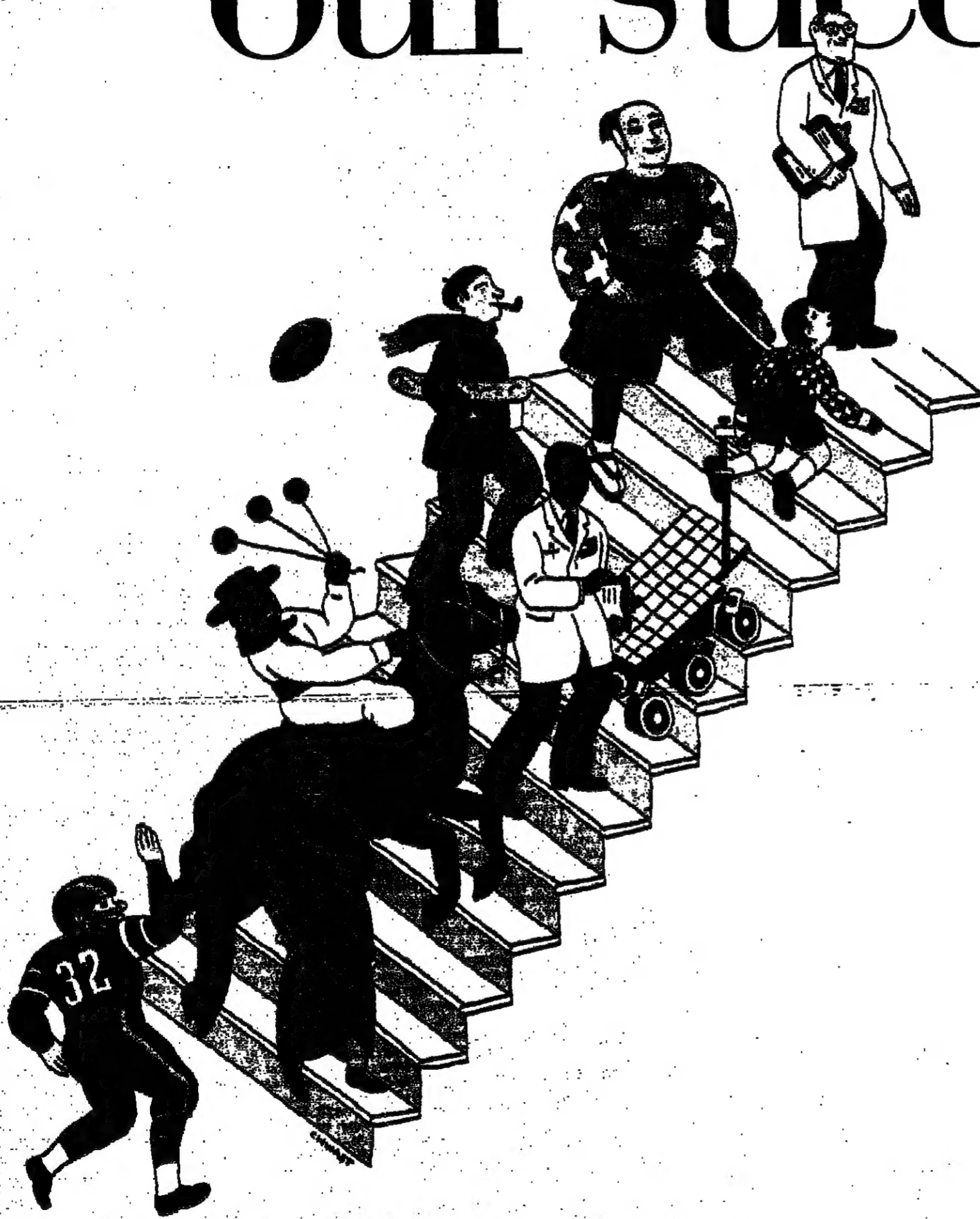
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Nazareth mosque plan fuels religious rift

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Greenspan intervenes over bank reform

By Richard Wolfe in Washington
Alan Greenspan, chairman of the Federal Reserve...

tion has already threatened to veto a Senate bill... Greenspan's intervention...

Phil Gramm, chairman of the Senate banking committee...

Although the Fed chairman did not pass judgment on the bill...

Democrats view community lending as an article of faith...

both in and out of Congress. Jesse Jackson, the veteran civil rights leader...

Internet fraud hits new levels of cunning

By John Lubat in New York
The hunt continued yesterday for the people behind the most cunning internet investing scam...

Brazil judges and banks face probes

By Geoff Dyer in São Paulo
The Brazilian Senate yesterday launched an investigation into corruption in the judicial system...

out of a currency crisis, which began in January...

investigate the judicial branch of government, raising the prospect of a constitutional crisis...

not been completed, observers said it was almost certain it would start next week...

Political analysts forecast that the probes would not significantly affect the government's reform agenda...

Long lunches dry up as Mexico cuts its working hours

Not everyone has welcomed reforms that have compressed shifts for some bureaucrats, writes Henry Tricks



It is lunchtime at the U de G, a wooden-beamed cantina in downtown Mexico City...

The long lunch is likely to become a thing of the past for Mexican bureaucrats

According to the false report, Pairgain Technologies, a California-based producer of telecom equipment...

Emiliano Sota, maître d' of one of Mexico's most renowned watering holes...

in a hint of the prodigy that once prevailed, already this year the government has handed workers from using premium-rate telephone lines...

talks social consequences as well. Some officials are already signing up for evening courses...

here to stay, there's no doubt," says Mr. Provencio. Officials say President Ernesto Zedillo backs the reform...

That type of cultural change will take at least 10 years," he says. "Meanwhile, instead of drinking a lot at lunchtime, people will drink a lot at night and feel worse the next day...

TOBACCO LITIGATION SETTLEMENT US POLITICIANS HOPE TO USE PROCEEDS TO RAISE MONEY ON BOND MARKETS

Plan to turn pipe dreams into gold

By Andrew Edgcumbe-Johnson in New York and Edward Luce in London

America's local politicians are hoping to turn smoke into gold through a piece of financial wizardry...

will follow," said David Hitchcock, a director at Standard & Poor's credit rating agency...

These payments are one-off windfalls so state governments should not spend the money on taxing projects...

They also promote government austerity at a time when Mexico has to keep a tight rein on public spending because of low oil prices...

Whether employees can shake off the habit and watch the clock instead, remains to be seen. "We think the new timetable is here to stay, there's no doubt," says Mr. Provencio.

Whether employees can shake off the habit and watch the clock instead, remains to be seen. "We think the new timetable is here to stay, there's no doubt," says Mr. Provencio.

Whoever posted the fictitious story knew Pairgain well. The company has long been considered a takeover candidate and has been linked with ECI in the past...

State and some city governments would securitize the future revenue streams and use the proceeds to pay for local health-care budgets or other schemes...

Sean Shearla, vice-president of Duff & Phelps, the rating agency, says up to \$1bn in legal fees could be securitised by as early as June.

It provides the state with a short-term fix to the school budget problem without raising taxes...

Such uncertainties have not stopped authorities from pursuing securitisation. Illinois, Louisiana, Maine, Pennsylvania and Texas have all expressed an interest...

Whatever happens everybody gains except smokers and the tobacco companies, said one banker who added that the fees on the bond issues were expected to be handsome.

ers call rms

ape 'harm' st Europe'

anning new al airlines

It's not as hard to do business in Eastern Europe as some people say. Just fold this page towards the West.

Photo sold along the line to the left (West)

ASIA-PACIFIC

BANGKOK SWINGS FROM AUSTERITY PLAN 'IT'S PRAGMATISM AND ADOPTING POLICIES AS CIRCUMSTANCES CHANGE'

IMF denies U-turn on Thai deficit spending

By William Barnes in Bangkok

The International Monetary Fund yesterday denied doing a policy U-turn in allowing Thailand to swing away from an austerity programme into deficit spending.

The denial followed approval by the IMF board of an increase in the maximum public deficit from 5 to 6 per cent of gross domestic product.

Michel Camdessus, the Fund's managing director, said in Washington, where

the board conducted its sixth review of Thailand's \$17.2bn rescue scheme, that a new \$3.5bn fiscal stimulus package provided a much needed boost to domestic demand, while preserving a sustainable fiscal position over the medium term.

The Fund originally responded to Thailand's 1997 currency crisis by demanding that it run a budget surplus in a monetary and fiscal straitjacket.

"It's not a U-turn - it's pragmatism and adopting policies as circumstances change," said Reza Moghadam, the IMF's resident representative.

Thailand, he explained, entered the crisis with a massive current account deficit, an overheating economy, a budget filled out by investments and a massive outflow of capital at a time when the central bank was taking speculative forward foreign currency positions.

"The recipe in these circumstances for a country (initially) alone in crisis is different for what you do when an economy is down the chute."

The recovery programme had been modified every time a three month economic snapshot showed this to be necessary, he argued.

Thailand abandoned the IMF's early tight money policy last year.

But Mr Moghadam said the early strong grip brought stability.

"I frankly doubt that the exchange rate would have seen the stability for the last 12 months or so if we were not as aggressive as we were with interest rate policy."

He dismissed widespread

complaints that tight money had multiplied the bad debt agony.

"The bad debts came from bad lending. How come foreign banks' bad debts are less than 10 per cent?"

The latest stimulus package included tax cuts because it is recognised that a cautious bureaucracy can find it difficult to spend money quickly.

"The government has been right to reject exporters' pleas for the B137.5 to the dollar trading range of the last few months

to be weakened," he said.

"Any competitive gain will be lost in a cost backlash."

"Fundamentals will dictate where the baht goes. One baht depreciation of 10-15% the dollar leads to 100-100bn indebtedness in baht terms for the country," he said.

Since money market rates are at record lows there will be little room for further declines there.

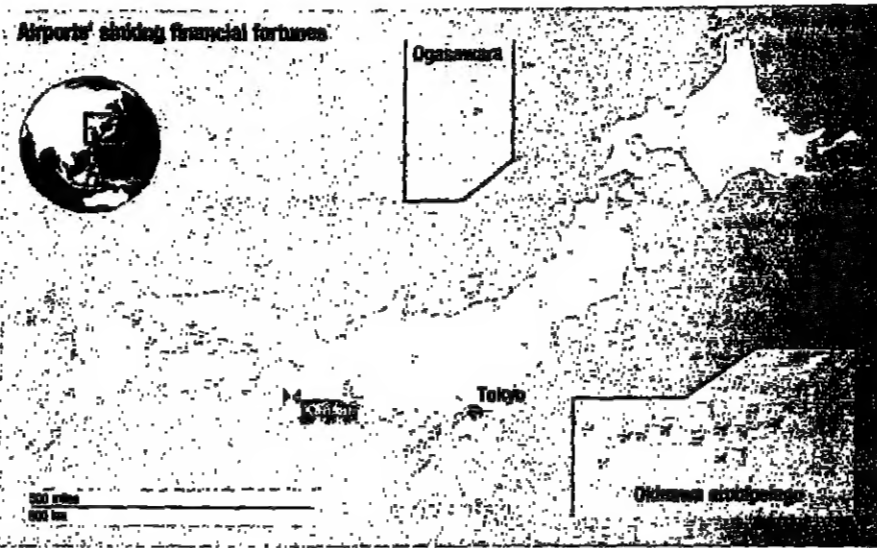
Mr Moghadam said lending rates - the key minimum lending rate is around 9.75 per cent - might have some way to fall.

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Kansai's new airport gets that sinking feeling

The world's first offshore airport is suffering from more than just a drop in profitability. Alexandra Harney reports



Kansai International Airport, the world's first offshore airport now entering its second stage of construction, is sinking into the sea faster than initially expected, according to airport authorities and engineers familiar with the project.

The landfill beneath the first runway, completed in 1983, has already sunk 11.5 metres, and airport authorities say they expect it to continue to sink.

This compares with 5 metres originally expected, and a startling 18 metres expected in the land beneath the second runway due to begin construction this year.

The problem has significant implications for the future of Kansai airport, the country's second largest international airport located outside Osaka in southwestern Japan.

It comes as national and local governments, which put up more than 80 per cent of the funds to build it, are

mired in financial problems that some analysts say could force the Ministry of Transportation to revise its policy of stimulating economic growth by building airports in remote regions of Japan.

A senior official in the transportation ministry said: "The sinking has been worse than when the initial plans were drawn. But the sinking has gone according to schedule."

However, one engineer who worked on the sinking problem said that the team of scientists was under pressure from the government to cut costs. "The problem was that they wanted to choose the cheapest (solution)," he said.

The airport is built on

Nepal, Singapore, China, and Korea to tackle the problem.

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airports that had sunk faster than others.

However, they admitted that similar problems were likely to crop up in building the second runway, a 4,000-metre airstrip to be built next to the first that would more than double the airport's capacity.

The ¥1,500bn (\$13bn) plan, funded with funds from public and private institutions, has already fallen several months behind schedule because of opposition from local fishermen. Officials at the transportation ministry are currently reviewing a request to begin construction.

Douglas Hayashi, analyst at HSBC Securities, said that Kansai's declining profitability and the withdrawal of international airlines from the airport recently, including British Airways, could damp the government's enthusiasm for further development.

Although the second runway was likely to be built, "with the finances of the central government as they are, people will realise that it is not economic to add more capacity. It doesn't seem to make any sense, because there is not any demand there", he said.

After new capacity is added at the country's main international airport at Nar-

its, outside Tokyo, and a new airport is completed in the Nagoya area in the next few years, the government's strategy of building new airports in regions outside Tokyo was likely to be curtailed, Mr Hayashi added.

One official in the transportation ministry said recently that depressed demand for air travel was adding to problems at Kansai and more than 100 other regional airports - almost all of which are operating at a loss.

Profitability at Kansai and other outlying airports has declined sharply because of reduced passenger volumes as a result of the recession in Japan and elsewhere in Asia.

This has been exacerbated by the high number of small and medium-sized companies located in the region around the airport, as executives have cut back on business trips.

In January, domestic passenger volume at Kansai was down 10 per cent compared with the same month last year.

The airport was operating at a loss as of last year. In the first half of fiscal 1998 that ended last September, the company recorded an ordinary loss of ¥9.6bn.

Japan's opposition leader calls for supplementary budget

By Michiko Nakamoto in Tokyo

Japan's opposition leader yesterday called on the government to put together a supplementary budget in order to ensure that growth is sustainable amid economic restructuring.

Naoto Kan, leader of the largest opposition Democratic Party, said the government would need a supplementary budget focused on dealing with supply-side measures and unemployment, to provide a safety net amid widespread corporate restructuring.

"The government says the economy has hit bottom but we do not believe it has hit bottom," Mr Kan said.

Earlier this week, the World Bank revised its estimate for Japanese gross domestic product to negative 0.9 per cent growth.

Mr Kan's call highlights expectations that a supplementary budget will be required in spite of unprecedented stimulus measures included in the ¥81,900bn (\$67.4bn) budget for 1999 which passed the Diet just last month.

This year's budget includes ¥20,000bn in public works spending and tax cuts.

The Democrats themselves have been outspoken critics of the ruling Liberal Democratic Party's high-spending ways, which they have

warned would lead to spiralling debt for future generations.

Mr Kan's forecast follows suggestions by the US government and private economists that a further supplementary budget may be necessary.

Even among Japanese officials, Toyoo Gyohten, a former special adviser to Prime Minister Keizo Obuchi, indicated the government's goal of achieving 0.5 per cent growth this year looked optimistic.

"I have to confess that I am less optimistic than that," Mr Gyohten said yesterday.

The LDP has brushed aside suggestions that its

NEWS DIGEST

BIG STATE SPENDING ON INFRASTRUCTURE

China's industrial output up sharply in first quarter

China's industrial output grew strongly in the first quarter of this year, as substantial state spending on infrastructure lifted industrial production. The State Statistical Bureau (SSB) reported value-added industrial output rose 10.1 per cent in the first three months of this year compared with the same period in 1998. Industrial output rose by 8.9 per cent for the whole of 1998.

A government statement said: "Buoyed by accelerated state infrastructure investment, heavy industries posted relatively rapid output growth."

Beijing's efforts to reflate the economy through a national programme of infrastructure construction, which includes the building of bridges, railways, telecommunications and power lines, has generated demand for industrial goods and raw materials, according to officials.

However, economists noted that the broader picture of the economy remained mixed, as the evidence shows consumer demand still weak. Some analysts also fear that strong rises in industrial production could lead to a rapid increase in stockpiles if individual demand does not improve.

Output of colour televisions, for example, soared 48.2 per cent, the SSB reported. James Harding, Shanghai

TAIWAN AND CHINA

We are equals, says Lee

Lee Teng-hui, Taiwan's president, yesterday reaffirmed his government's policies on relations with mainland China in a defiant speech that contrasted the island's new democracy with Beijing's authoritarian rule.

Mr Lee told a meeting of Taiwan's National Unification Council that Beijing must recognise Taipei as an equal, that negotiations across the Taiwan Strait should concentrate on practical issues and that reunification could only come if democracy took root in China.

The president's remarks contained little comfort for Chinese leaders who yearn for real progress toward reunification with an island they have considered a rebel province since defeated Nationalist forces took refuge there in 1949.

Mr Lee, whom Beijing accuses of secretly hoping to formalise Taiwan's current de facto independence, contrasted the island's "rational and mature" politics and good intentions with the mainland's one-party dictatorship and deepening hostility. Mure Dickie, Hong Kong

PAKISTAN POWER SECTOR

Retreat on tariff rise approved

Pakistan says its western lenders have agreed to its retreat from a planned sharp increase in the tariff for electricity, once considered essential for rescuing its almost bankrupt state-owned power companies.

Last month, the state-owned Water And Power Development Authority (Wapda), surprised analysts when it announced a modest 2 per cent cut in electricity tariffs, in a reversal from plans to raise electricity costs by a 20-30 per cent range, before the end of the year.

The earlier tariff plan was considered pivotal for retaining the support of the IMF and the World Bank, which are helping Pakistan reform its economy and restructure its foreign debt.

However, independent economists said, the large tariff increase could have been politically difficult for prime minister Nawaz Sharif's government, which is already facing criticism from the opposition parties for alleged economic mismanagement. Farhan Bokhari, Karachi

S Korea banking unions protest at mergers

About 100 South Korean leaders of the Korean Federation of Bank and Financial Labour Unions (pictured right), fearing further mass layoffs, protested against upcoming bank mergers in Seoul yesterday as labour unions again called for a general strike from April 19. Reuters reports from Seoul.

"If the government keeps on ignoring our demands then we will begin a general strike from April 19," the hardline Korean Confederation of Trade Unions (KCTU) said in a statement.

The government should respond sincerely and immediately to a dialogue with (the KCTU) and then the government should stop restructuring and mass layoffs that deprive workers of the right to live," the statement said.

The KCTU said its members working for state corporations would stage an April 19-23 general strike and hold nationwide mass rallies for the unemployed on April 24 if its demands were not met.

More than 20,000 of work-



South Korean leaders of the Korean Federation of Bank and Financial Labour Unions demonstrate yesterday against forthcoming bank mergers

ers and students clashed with police in May Day rallies that turned violent last year.

South Korea's seasonally unadjusted unemployment rate in February of this year rose to a record high of 8.7 per cent from 8.5 per cent a month earlier.

Analysts say unemployment could worsen consider-

ably if the restructuring of the country's bloated and highly leveraged corporations is accelerated, as expected, in the second quarter of this year.

South Korea's aid donors and many analysts have praised the government of President Kim Dae-jung for enacting far-reaching reforms in the financial sector, but have criticised the slow pace of corporate restructuring.

The International Monetary Fund, which approved the release of \$245m from its massive loan to South Korea on Wednesday, noted progress had been slow in transforming the largest chaebol, or family-run industrial conglomerates.

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OFFSHORE FINANCIAL CENTRES

Island drive against fraud commended in New York

By Philip Jacome in Jersey

Increased co-operation by the Jersey authorities against combating financial crime has been commended by John Moscow, deputy chief of the investigation division at the New York District Attorney's Office.

"I have noticed a change in their public position of considerable magnitude and this has been matched in their private actions," he said. "They have made it clear that they want to work with other people who want to fight crime."

His comments came after a visit to New York by Mike Wavell, head of Jersey's police authority, Bob Le Breton, the island's police chief, and Richard Pratt, deputy-general of Jersey's Financial Services Commission.

Mr Wavell and his colleagues were keen to convey the message that Jersey is willing to co-operate with other jurisdictions in the fight against money laundering and other types of financial crime, a challenge referred to in the recent Edwards investigation commissioned by the UK government.

caused Mr Moscow concern in the past.

"I'm told they've waived that," he said, "and that's the way to catch the bad guys."

Mr Moscow believes that there is still room for improvement, particularly in regard to Jersey firms that set up companies for foreign clients.

For Mr Pratt, the New York trip was just one of a series of visits he is making to spread the word that Jersey is an offshore centre in which other jurisdictions can have confidence.

"My trips have made it very clear about the value of going out and meeting people and breaking down some of the perceptions by which we are judged," Mr Pratt said. "They now understand that we have the powers, willingness and determination to co-operate."

Second US company boosts Scottish job hopes

By James Buxton in Edinburgh

Morgan Stanley Dean Witter yesterday became the second US financial services company within two days to announce a big investment in Scotland.

The announcement came a day after J.P. Morgan said it would create 300 jobs for software engineers in a £7.2m project in Glasgow.

Morgan Stanley is planning a call centre to provide customer service for its credit card business in Europe where it will in due course launch its Discover card.

The two inward investment announcements are good news for the Labour government as the campaign for the first Scottish parliamentary elections on May 6 gets under way.

Tony Blair, the prime minister, yesterday accused the Scottish National party, of "fundamentally lacking in honesty" after the party's Scottish parliament election manifesto offered a costed programme only for a regional administration and not for the fully independent nation for which the party is campaigning.

Top Asians see their wealth on show

Community's richest 200 are said to be worth \$12bn, Sathnam Sanghera reports

John Matto is the 28th wealthiest Asian in the country according to Britain's Richest Asian 200 list, published yesterday.

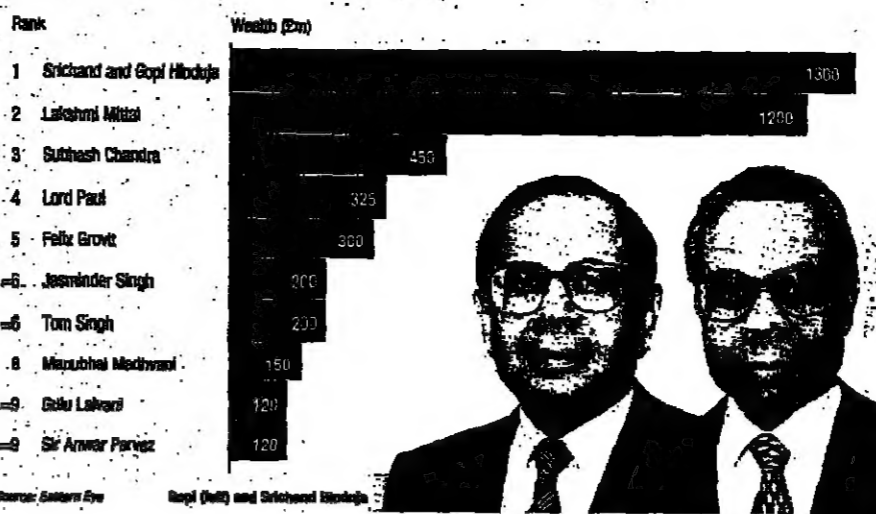
"It's only paper money and half the people on the list are probably not even worth a bag of beans," said the owner of Grasshopper Babywear, who is reportedly worth £36m (\$58m).

In spite of his scepticism, Mr Matto admits he is typical of the Asians on the list in his meteoric rise from poverty to wealth.

The top 200 Asians in Britain have a total net worth of £7.5bn according to the list published by Eastern Eye newspaper.

Top position is occupied by the Hinduja family, who with £1.3bn net worth have replaced last year's number one, Lakshmi Mittal, who heads Ispat International, the world's fourth biggest steelmaker.

Britain's richest Asians



Source: Eastern Eye

Lord (left) and Sushash Hinduja

in south-east London. Church leaders in the UK were concerned that the celebration of 2,000 years of Christianity would be undermined by donations from seemingly secretive Hindu businessmen.

Mr Mittal, whose fortune has dropped from £2bn to £1.2bn, has suffered as a result of falling share prices. Although Ispat International had a launch price of \$27 in the summer of 1997, its shares at one point sank to about \$7.

By sector, the leading area of business among the top 200 richest Asians is food retailing. The fashion sector is the second most popular and has a combined worth of £775m.

of the list, said: "Although the stronghold remains in the traditional businesses such as food, fashion and retailing, we are seeing the Asian community diversify into other industries including finance, media, pharmaceuticals and IT."

Mr Ahmed added: "Westerners tend to be embarrassed about their wealth, but Asians feel no shame about it. In the Asian community, power, respect and wealth are all rated equally."

Other Asians featured include Mohammed Sarwar, the Labour MP for Glasgow Govan, who with a net worth of £10m is equal 90th in the list. Lord Alli, who became Britain's youngest nobleman last July, is equal 136th with a net worth of £6m.

Directors to win chartered status

By Jane Martinson, Investment Correspondent

Directors are set to join accountants and other chartered professionals after the Institute of Directors won approval yesterday for a new professional standard for board members.

The institute is to accept applications later this year for what it claims is the world's first professional standard for directors after winning the support of the Privy Council, which advises Queen Elizabeth on royal charters.

Mark Watson, corporate governance executive at the IoD, said the move was intended to increase the professionalism of UK directors. The plans were intended to differentiate about 1m people in the UK who call themselves directors.

Mr Watson said that while Australia operates a professional diploma for directors, similar to that already offered by the IoD, no other country offered a chartered qualification.

Any director with at least three years of board experience can apply for the title. They will then sit an examination and other tests. After reaching chartered status, directors will have to submit to 30 hours of professional development courses a year.

Former executive at Swiss bank is fined \$48,000

By Clay Harris, Banking Correspondent

A former co-head of Swiss Bank Corporation's global asset swap group has been fined \$30,000 (\$48,000) by the Securities and Futures Authority in London for concealing a "put" option offer.

The SFA said yesterday that Rajesh Janjua, who left the bank after an internal inquiry, had "failed to observe high standards of integrity and fair dealing."

When the note proved difficult to sell, he added a "put" option in an unauthorised side letter. This would have had the effect of keeping the risk with the Swiss bank.

contributes \$9,280 to the SFA's costs. He has agreed not to seek re-registration with the SFA until May 5, one year after he de-registered.

Riad Melliti, a junior employee under Mr Janjua's management, was reprimanded, fined £2,000 and ordered to pay £2,320 in costs.

Separately, the SFA severely reprimanded Leslie Terrence Commons, a former inter-dealer broker at Cantor Fitzgerald International for concealing short positions and losses in Italian government bonds from his management for 10 days in November 1997.

Probe into TV show sales

By Cathy Newman in London

An inquiry into sales of British television programmes outside the UK was launched yesterday.

The government inquiry will be chaired by Chris Smith, chief minister for culture. It follows a report yesterday by David Graham and Associates, the consultancy highlighting the difficulties faced by programme exporters.

The report said the television trade deficit widened to £272m (\$438m) in 1997, the latest year for which figures are available.

Although the UK was the world's second biggest exporter of television programmes, the report said, it faced several hurdles if it was to reverse an overall trend towards greater deficits. The deficit is worsen-

Business

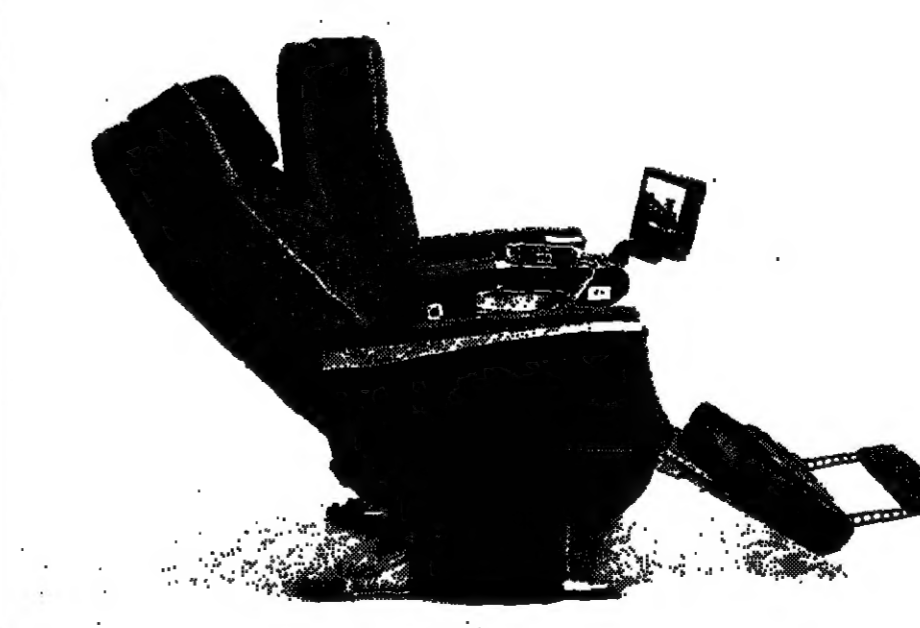


Along at last.

he supported many of the report's conclusions but thought that some of the most peculiarly British comedy succeeded best internationally.

"I'd rather have a British television industry that is excelling at what it does for its British audience than have something that is mid-Atlantic that will end up a pale imitation of what the Americans produce," he added.

However, he backed the study's verdict that British programme-makers found it difficult to export series because broadcasters in this country do not commission as many episodes as their international counterparts.



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ending... eeling... Industrial output... y in first quarter... Juais says Lee... in tariff rise approval...

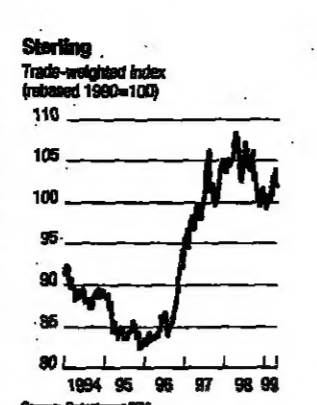
BRITAIN

MONETARY POLICY SIXTH REDUCTION IN SEVEN MONTHS LEAVES OPEN THE POSSIBILITY OF MORE TO COME

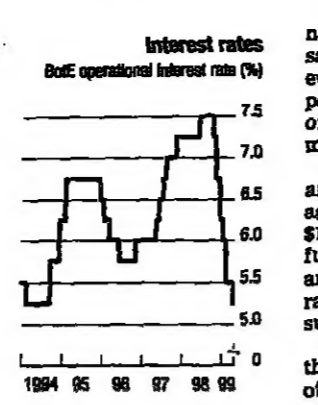
Central bank cuts rates again

By Richard Adams, Economics Staff

The Bank of England, the UK central bank, yesterday cut interest rates for the sixth time in seven months - and left open the possibility that there may be more to come. The Bank's monetary policy committee voted to reduce short-term lending rates by a quarter-point, trimming the Bank's repo rate to 5.25 per cent.



Sterling Trade-weighted index (rebased 1990=100)



Interest rates (BoE operational interest rate (%))

economic and Social Research, said: "If the weakness of the euro or the strength of the pound is sustained, the Bank of England will probably make further cuts." After the rate cut was announced, sterling firmed against the dollar above \$1.605, while interest rate futures contracts moved to anticipate a further cut in rates to 5 per cent by the summer.

Mobile phones' health impact to be probed

By Alan Cane in London

The government yesterday ordered an inquiry into the effects of mobile phone use on health after evidence that radiation from cellular handsets may affect users' brains.

increased," said Tessa Jowell, minister for public health. "To date there has been no consistent evidence suggesting a risk to health but there is continuing public concern about the possibility."

Biologists, suggests that mobile phone use may speed up reaction times. The team, led by Dr Alan Prece and sponsored by the trade and industry department, suggests the effect may be due to localised heating of brain tissue.

tions that this tiny amount of radiation could cause significant temperature increases in small areas of the brain, with unpredictable effects on cell proteins or nuclear DNA.

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Grocery retailers referred to competition watchdog

By Peggy Hollinger in London

The government's fair trade watchdog said yesterday it was concerned about a lack of competition in the grocery retailing sector, as it referred the industry to the Competition Commission.

NEWS DIGEST

NORTHERN IRELAND

IRA angers relatives over graves of 'disappeared'

The Irish Republican Army is refusing to disclose the locations of the graves of nine of its victims, relatives of the dead said yesterday. The IRA said last week that it had discovered the graves of nine people whom it had killed after "arresting" or "court-martalling" them in the 1970s and 1980s.

PHARMACEUTICAL INDUSTRY

Plea over new drugs supply

The pharmaceutical industry yesterday pleaded for new drugs to be made available on the state health service "to patients who need them", even when Nice, the new National Institute for Clinical Excellence, rules against them.

ACCESS TO FINANCE

Third of companies 'unhappy'

Only 5 per cent of companies have a bad relationship with their bank, but a third are unhappy with the choice of finance available to them, a survey of 1,331 members of the Institute of Directors suggests.

BUSINESS AND ENVIRONMENT

\$12.5m scheme announced

A £7.8m (\$12.5m) scheme to support new technologies that will reduce the impact made by business on the environment was announced by the government yesterday.

Ford under pressure at top of new car market

By John Griffiths in London

Ford's domination of the new car market is coming under mounting pressure. This is despite its new Focus model becoming the market leader for the first time in March and its 38,000 registrations since going on sale last October setting a record for the first six months for any car in its size class.

Volume	Mar 1999		Mar 98		Jan-Mar 1999		Jan-Mar 99	
	% Chg	Share	% Chg	Share	% Chg	Share	% Chg	Share
Total Market	270000	72.4	100	100	836942	2.7	190	100
UK Producers	105031	45.0	28.4	33.9	183536	-12.5	28	33.1
Imports	265029	88.1	71.6	66.1	453407	9.5	71.6	68.9
Japanese makes	25794	64.1	7.2	7.7	43625	-4.2	8.8	7.3
Ford group	67671	60.5	18.3	18.7	110592	-7.2	17.4	18.1
Ford	66137	61.6	17.9	19.2	106332	-8.0	17.0	18.5
Jaguar	1434	23.0	0.4	0.6	2170	-42.5	0.3	0.6
General Motors	26859	78.5	13.7	14.0	96594	5.3	14.2	15.8
Vauxhall	47993	69.5	12.9	13.2	85462	6.4	13.4	15.8
Saab	3283	88.8	0.9	0.8	5032	-10.5	0.8	0.9
BMW grp	39911	38.3	10.5	13.4	64893	-17.7	10.2	12.7
BMW	13019	69.1	3.5	3.2	22145	6.3	3.5	3.3
Roller	23992	18.5	7.0	10.2	42838	-28.3	6.7	9.3
Peugeot grp	42591	75.1	12.5	11.7	75716	4.9	11.9	11.7
Peugeot	33882	78.7	3.3	8.0	53461	5.8	8.4	8.0
Citroen	13519	75.7	3.7	3.6	22257	-2.3	3.5	3.7
Volkswagen grp	35487	118.5	9.6	7.6	60078	28.9	10.4	8.5
Volkswagen	23507	149.2	6.4	4.5	45833	47.7	7.2	5.0
Audi	4532	37.0	1.3	1.7	9964	-20.0	1.6	2.0
Skoda	2475	25.4	0.7	0.9	5112	-28.2	0.6	0.9
SEAT	4293	274.3	1.2	0.5	6399	83.6	1.0	0.6
Renault	31397	91.4	8.8	7.7	53388	2.9	8.4	8.3
Fiat group	14815	78.3	4.0	3.9	29344	8.3	4.1	3.9
Fiat	13378	73.1	3.6	3.6	23789	5.2	3.7	3.6
Alfa Romeo	1437	113.5	0.4	0.3	2575	48.2	0.4	0.3
Nissan	17854	193.0	4.6	2.9	29645	3.7	4.3	4.1
Toyota	12854	192.7	2.6	2.5	21963	11.2	3.4	3.4
Honda	10983	196.7	2.0	2.2	19731	18.6	3.0	2.8
Mercedes-Benz	8292	112.9	2.5	2.0	17019	21.9	2.7	2.3
Vauxhall	8437	108.1	1.7	1.5	15895	16.4	1.7	1.6
Mitsubishi	6157	88.8	1.4	1.3	7246	-4.4	1.1	1.3
Korean makes	6382	69.2	2.5	2.4	14768	3.4	2.3	2.3

imports are being chased by company car users granted freedom of choice by their employers.

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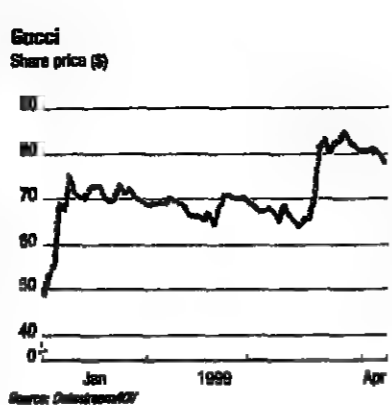
THE LEX COLUMN

Lafontaine's dividend

Call it the Lafontaine dividend. The European Central Bank's half point cut in interest rates would ideally have come earlier given the weakness in the eurozone's economy.

The cut is probably good news for eurozone asset prices; and even for the euro itself, in that investors may conclude the worst is over for the economy. But it would be a mistake to expect monetary policy to work wonders.

The UK's decision to cut its interest rates by a quarter point to 5% per cent is less dramatic, not surprising since this is the sixth cut in seven months. But it will not be lost on investors that UK rates are once again more than twice those in the eurozone.



should bring more transparent regulation and greater observance of commercial law. That will help both importers and those multinationals already operating locally.

The deal should benefit China too. Granted, some indigenous companies will suffer from greater competition. But higher international confidence should boost foreign direct investment.

China

It has taken 13 long years, but China's entry into the World Trade Organisation - now tantalisingly within reach - is a prize worth waiting for.

WTO accession will also bind China into a rule-based trading system that

sure on the Gucci board, if his company had stuck to this offer.

But the sands shifted again. Still smarting over the outrageous way PPR leaptfrogged into poll position, using lax Dutch rules on share issuance, Mr Arnault tried to lower the hurdle to a simple majority of the independent shareholders.

LVMH may still go with its offer, as a gesture of good faith. But with the odds stacked against success, its main line of attack will be back in court later this month.

Dickson Concepts

Talk about adding insult to injury. Dickson Concepts, the Hong Kong-based luxury retailer controlled by its founder, seems determined to enrage its minority investors.

It is hard to see how this adds value for anyone except Mr Poon. He is offering to pay market value for Dickson's listed majority stakes in Harvey Nichols, the upmarket UK retailer, and ST Dupont, a French luxury goods maker.

Gucci

Gucci shareholders must be wondering whether they only dreamt there was an 85¢ a share offer on the table for the Italian fashion house. The sands were already shifting when LVMH said its offer would be conditional on 50 per cent acceptance.

Under Mr Poon's scheme, Dickson would then disgorge the proceeds via a special dividend of HK\$6.80 a share. True, that is more than Dickson's pre-announcement share price of HK\$6.20.

China to ease restrictions on some US food exports

Agreement marks premier Zhu Rongji's arrival in Washington

By Nancy Dunne and Steve Fidler in Washington

An agreement lifting restrictions on exports of US wheat, citrus, beef and poultry to China was due to be signed in Washington yesterday as Zhu Rongji, the Chinese premier, met President Bill Clinton at the White House.

As Mr Zhu arrived, trade officials were racing to complete a bilateral market access deal to pave the way for China's entry into the World Trade Organisation.

As well as the agricultural records, Charlene Barshefsky, the US trade representative, said Beijing had taken "an important new action" to protect US software exports.

and municipalities to implement in a "serious and thorough" manner a directive forbidding government use of illegally duplicated software.

The two sides also agreed a civil aviation accord, expected to double passenger and cargo flights between the US and China and allow an additional US airline and another Chinese airline to enter the bilateral market.

In a ceremony greeting Mr Zhu at the White House, the two leaders spoke of the need for continued

friendly relations. Mr Clinton said China and the US could best achieve their hopes "if we continue to build a constructive strategic partnership".

The previous day, Mr Clinton outlined his reasons for continuing a dialogue with China in the face of sharp criticism in Washington of Beijing's alleged spying, a clampdown on human rights activists and its build-up of ballistic missiles across the Taiwan Strait.

Trent Lott, the Senate Republican leader, said he would oppose China's entry into the WTO because of its spying and human rights abuses.

"Letting China into the WTO at this time shows how far this administration is willing to go in an effort to salvage its failed policy of strategic partnership with China," he said.

US may say 'Hello Dolly' to company behind cloned sheep

By James Burton in Edinburgh

The US is hoping to say "Hello Dolly" to a biotechnology plant built by the Scottish company that cloned the world's first mammal sheep.

PPL Therapeutics, the Edinburgh-based biotechnology company, expects shortly to receive formal offers of assistance to finance a \$45m (£72.45m) manufacturing plant in the state of Virginia.

The plant would initially process PPL's most advanced product, alpha-1 antitrypsin or AAT, a human protein that could be used to treat cystic fibrosis.

Although regulatory approval from the US Food and Drug Administration to manufacture AAT is not expected until the end of 2001, PPL wants to be able to start production soon afterwards.

PPL has received indicative offers from the Virginia state authorities about two locations in two different counties.

One involves official financial assistance and the other is an officially co-ordinated package of private finance. Richard Crews, PPL's finance director, is now in Virginia obtaining final details of the packages.

The US offers will put extra pressure on UK development agencies and merchant banks to assemble a package of finance and development assistance to prevent the project going to the US.

Ron James, PPL's managing director, says it would be more convenient to build the new plant, which would employ about 180 people, near the company's facility at Roslin near Edinburgh since this would make the technology transfer simpler.

But he wants to be able to decide shortly where the plant is going to be so that the company can advance

to the next stage of seeking regulatory approval.

In Scotland, PPL is negotiating with Lothian and Edinburgh Scottish Enterprise, an offshoot of Scottish Enterprise, the development agency, while British Linen Bank is attempting to raise private finance.

But Mr James said it was already clear that UK bank funding would not be available without some form of official guarantee because the project lacked regulatory approval and was therefore considered too risky.

This was less of a problem in the US where there was greater experience of financing biotech projects.

"We're not asking for a \$45m grant but the guarantee of the \$45m project finance," Mr James said. Grants for the infrastructure required and other development assistance were likely to be available in the UK and would help fill the gap.

The project does not mean Dolly, whose existence became worldwide news in early 1997, would move to the US.

CONTENTS

News

Table with 2 columns: News item and page number. Includes European News (23), American News (7), International News (4), etc.

Features

Table with 2 columns: Feature item and page number. Includes Editorials (13), Letters (12), Management (22), etc.

Crossword Puzzles

Table with 2 columns: Crossword item and page number. Includes European Company News (16), etc.

Markets

Table with 2 columns: Market item and page number. Includes Bonds (26), Bond futures and options (26), etc.

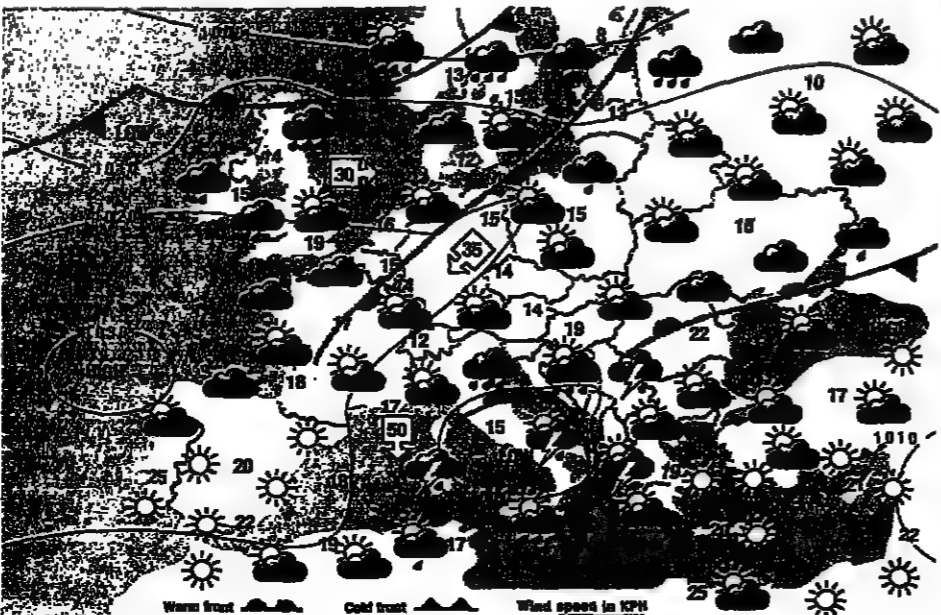
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Directory of online services via FT Electronic Publishing. Lists various services like FT.com, FT.com/ft.com, etc.

FT WEATHER GUIDE

Europe today

North-west Europe will cloud over for a time but stay mainly dry. Scandinavia will have heavy rain, with snow in the far north.

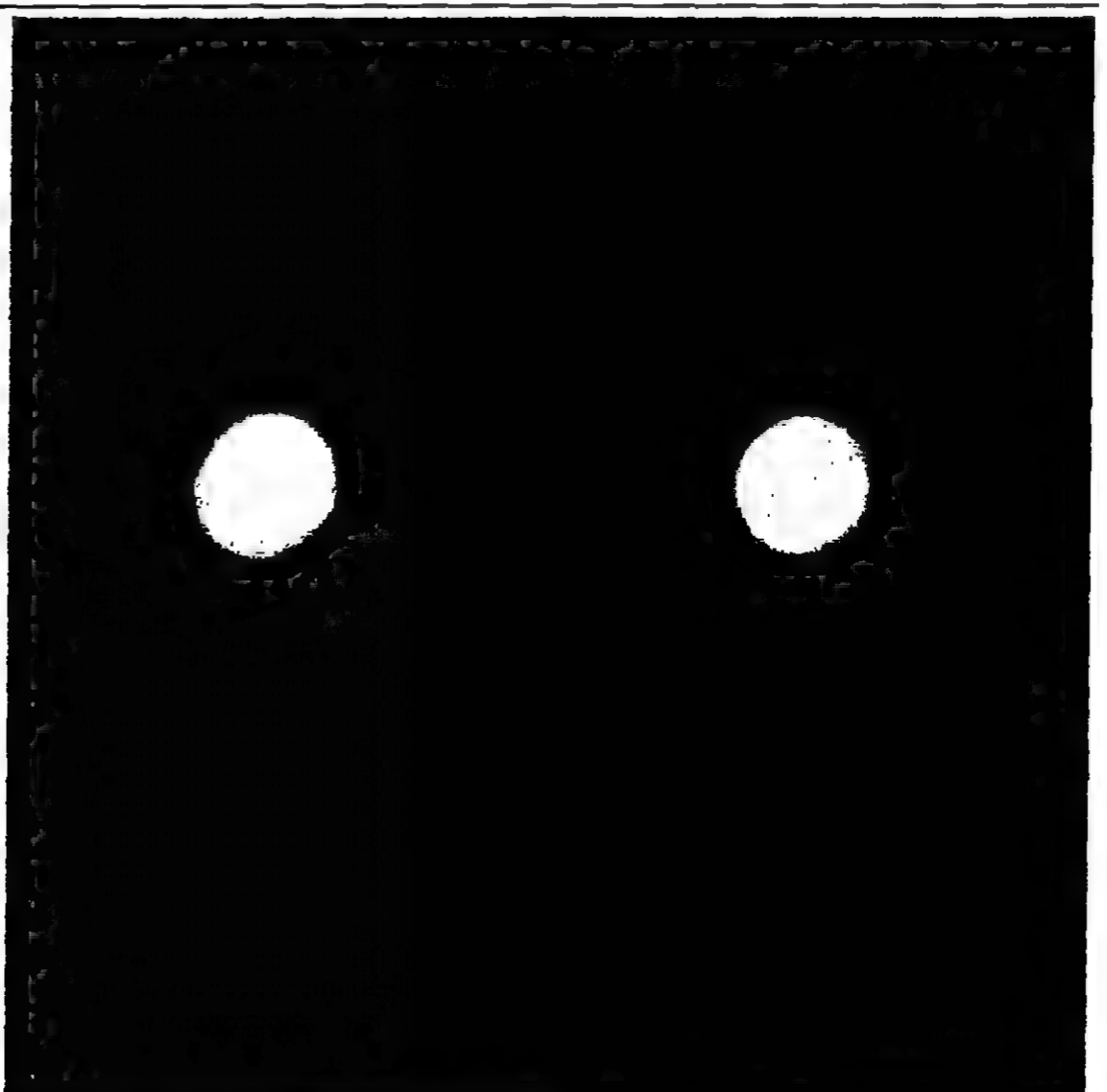


TODAY'S TEMPERATURES

Table with 2 columns: Location and temperature. Includes Abu Dhabi (31), Accra (23), Algiers (19), etc.

Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHER CENTRE

Table with 2 columns: Location and weather forecast. Includes Abu Dhabi (Sun 31), Accra (Sun 23), Algiers (Sun 19), etc.



The leopard's eye is brilliantly adapted for seeing at night. It maximises the light rays it receives by bouncing them back off a reflective layer behind its retina, giving the eye a second chance to absorb them.

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COMPANIES & FINANCE: EUROPE

CARMAKING GERMAN GROUP THOUGHT TO BE EYEING ACQUISITION AFTER SEEKING SHAREHOLDER APPROVAL

VW in move to raise fresh capital

By Uta Hamischleger in Frankfurt

Volkswagen yesterday appeared to be eyeing an acquisition after it emerged that it would ask its shareholders for approval to increase its authorised capital by 40 per cent.

years, industry observers suggested that it may use the money to pay for an acquisition in the truck sector. Speculation has recently focused on Scania, the Swedish automotive group.

In an invitation to its shareholders to meet on June 2, Volkswagen said it would ask shareholders to approve an additional DM782m in authorised capital, allowing Volkswagen to raise roughly €9bn (DM18bn) between now and June 1, 2004.

At the time, Volkswagen angered shareholders by announcing a DM68bn capital increase without telling them what it needed the funds for. In March 1998, it abandoned half of the share offering.

The company has said it would wait for the next downturn in the truck industry before staking existing truckmakers. Investor, the majority shareholder in Scania, was believed to have asked for as much as SKr340 (US\$41) per Scania share - a bid that translates into a roughly DM18bn price tag for the whole of Scania.

Saga to sell assets to boost profits

By Vateria Sköld in Oslo

Saga Petroleum, Norway's third largest oil company, has announced plans to sell up to Nkr2bn (\$256.1m) in assets and cut staff, costs and business units to bolster profits and its appeal to potential alliance partners.

The cuts fit in the missing details from Saga Petroleum's earlier warning in February, when it vowed to radically restructure the company following a worse-than-expected net loss of Nkr1.26bn last year amid low oil prices and huge write-downs.

Diderik Schnitler, Saga Petroleum chief executive, said the measures would help the company return to profit this year and allow it to grow, even under a \$10 per barrel oil price scenario, thus increasing its appeal as a partner.

Saga has been the subject of merger speculation after Statoil, the Norwegian state-owned oil company, purchased a 20 per cent share holding in the company last year and amid an increasing number of mergers among oil companies.

As part of the measures outlined, Saga plans to sell up to Nkr2bn in non-strategic assets, including the pending Nkr500m sale of the Visund oil field offshore Norway to Gaz de France which is now under consideration by the Norwegian authorities.

NEWS DIGEST

COSMETICS

Glossy L'Oréal forecasts sustained growth ahead

L'Oréal, the French cosmetics group, yesterday reported a 12 per cent rise in 1998 net profits to €719m (US\$776m), and forecast another year of "strong growth" in 1999. Sales rose 9.1 per cent to €11.5bn. The company also reported a 9.5 per cent rise in first quarter sales to €2.6bn. It is planning to pay a dividend of FF18.5 a share, yet to be approved by shareholders, up from FF16 in 1997.

REPROGRAPHICS

Printers switch lifts Océ

Océ, the Dutch reprographics group, is benefiting from improved margins amid a switch to digital printers and copiers as well as a greater share from service contracts in its income. Net earnings for the first quarter rose 12 per cent to €28.2m (US\$30.4m) although revenues at €629.8m were just 1 per cent higher. Negative effects from exchange rates held back growth, particularly in its wide-format printing systems used in the engineering sector.

BANKING

Ceska Sportelna reports loss

Ceska Sportelna, the dominant Czech retail bank that is due to be fully privatised at the end of this year, yesterday reported a preliminary 1998 loss of Kc2.8bn (€96m, US\$107m) according to international standards. In 1997 the bank had made a Kc2.8bn profit. The bank made Kc10.3bn of provisions last year because of stricter central bank rules on collateral for its loans, the impact of the Russian loan default on its investments, and the deep Czech recession. The volume of client deposits only increased by 3 per cent to Kc311bn while loans to clients fell 15 per cent to Kc142bn, partly because of the transfer of Kc10.4bn of bad loans to Konsolidacni Banka, the state factoring bank. The government expects to issue a tender in May for the sale of its 45 per cent stake in Ceska Sportelna. To ensure it goes smoothly, it has transferred some of its bad loans, subscribed to a Kc6.5bn subordinated bond issue and is expected to remove low-interest social loans before privatisation. Last month the government also changed most of the bank's board and agreed to take part in a potential doubling of its share capital.

HOTELS

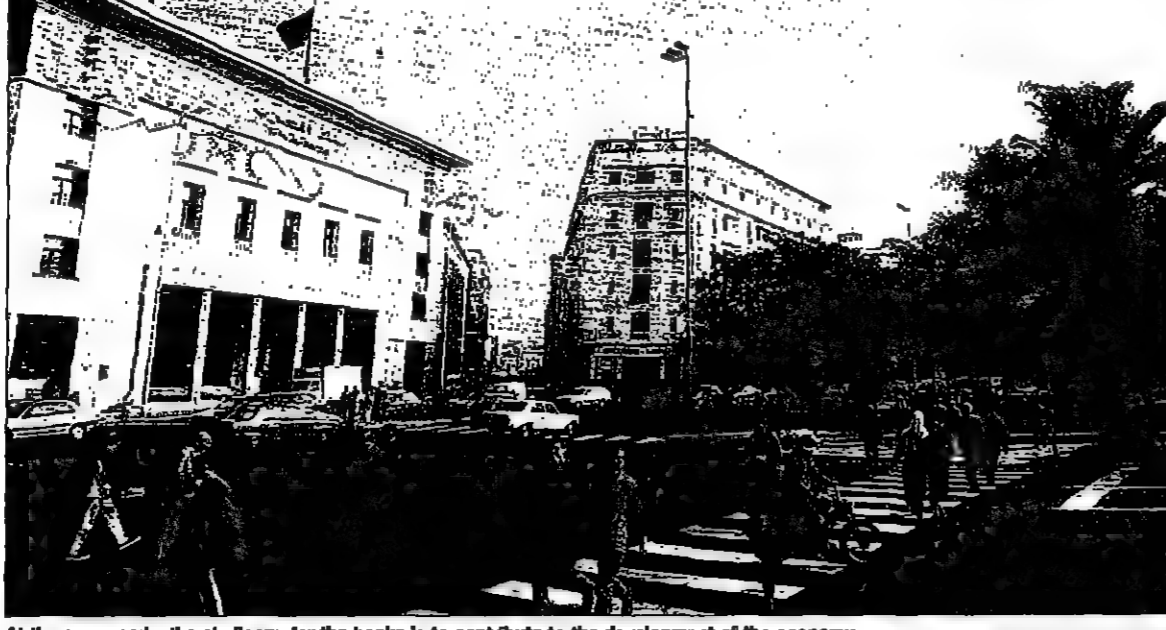
Sol Meliá seeks expansion

Sol Meliá, the listed Spanish hotel group, is seeking to expand rapidly in Europe following the completion of a controversial merger process that has brought the different companies controlled by the Majorca-based Escamec family into a single unit. The restructured business is competing with a peer group of hotel operators which includes the Sheraton, Holiday Inn and Meridien brands for the acquisition of hotel assets in France, Holland and Belgium owned by Libertel, a subsidiary of France's Vivendi conglomerate that has been put on sale. The plans by Sol Meliá, which operates 243 hotels worldwide involve seeking to build up a strong presence in large cities in Europe and in Latin America. The company believes that by consolidating its hotel ownership and hotel management units it has the financial strength to grow by acquisition. Tom Burns, Madrid

Moroccan banks bend to the winds of change

Liberalisation of the economy is encouraging the sector to seek new sources of income, writes Roula Khalaf

The easy times are drawing to an end in Casablanca. After four years of surging profits, Morocco's quoted commercial banks posted only modest gains in 1998.



At the crossroads: the challenge for the banks is to contribute to the development of the economy

According to Casablanca Finance Group, a local securities firm, the average net profit increase for five large banks was about 8.8 per cent, excluding extraordinary capital gains. This compares with net profit rises of 15 per cent in 1997 and 22 per cent in 1996.

The more moderate growth reflects changes in Morocco's banking sector in recent years. Less than two years ago, the industry was dominated by a cartel of sorts, with the leading banks largely agreeing on changes in interest rates.

Last year, however, two affiliates of foreign banks broke the trend, in a move that is rapidly turning the industry into a competitive market and one of the more vibrant in the Middle East and North Africa region.

Since 1993, Morocco's banking sector has benefited from liberalisation of the economy, which lifted strict loan pricing and freed banks from excessive reserve requirements. At the same time, the government promoted development of a stock exchange and fed it through privatisation of state entities, providing the banks with a new line of business.

While the Moroccan economy remains at the mercy of rainfall - agriculture accounts for 40 per cent of employment - drought has had a limited effect on the banking sector. Most banks have little exposure to the agricultural and real estate sectors and compensate for the slowdown in growth through financing increased food imports. The banks' profitability has further been boosted by cheap deposits.

Analysts say even companies keep their savings in current accounts, because savings accounts are not sufficiently flexible. But as Morocco begins to implement its association agreement with the European Union, bringing it into a free trade zone by 2012, banking is becoming more challenging.

While the banks are being urged by the business community to play a greater role in intermediation and take on risk for smaller companies, the government is being urged to pursue further reform.

Exchange controls to prevent capital flight remain in place and several banks have yet to be privatised. They include Crédit Populaire du Maroc, set up in 15 co-operatives and controlling about 30 per cent of the country's deposits.

Wafa Bank is usually cited as the best example of successful diversification. The bank has only about 13 per cent of total deposits in Morocco but boasts a 36 per cent market share of the mutual fund business, which has seen explosive growth in recent years, as well as a 20 per cent share of the consumer finance market. Emphasis has also been laid on investment banking and brokerage. The bank, controlled by the Kertani family but quoted on the Casablanca bourse, is planning to raise non-interest income to 30 per cent of total revenues by 2002.

Other banks, such as Banque Marocaine pour le Commerce Extérieur, the third largest bank privatised in 1995, are now trying to catch up and investing huge resources to expand investment banking activities. Perhaps the biggest challenge for the banks, however, is to move away from a small number of blue chip clients - state-owned or family-owned - and contribute more efficiently to development of the Moroccan economy. This requires better risk management and an upgrade in staff.

Annual General Meeting of Shareholders of Royal KPN N.V. Notice convening the annual general meeting of shareholders of Royal KPN N.V., to be held at the Nederlandse Congres Centrum, Churchillplein 10, The Hague, the Netherlands, on Thursday, April 29, 1999 at 2:00 p.m.

PAN-HOLDING Société Anonyme - Luxembourg. NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS. The shareholders of PAN-HOLDING S.A. are invited to attend the ANNUAL GENERAL MEETING which will be held at the registered office of the Company, 7, Place du Théâtre, Luxembourg, at 3.00 pm, on April 27, 1999, with the following agenda:

Surge in power. Carrefour. Various advertisements and graphics on the right edge of the page.

COMPANIES & FINANCE: THE AMERICAS

CONGLOMERATES PROFITS RISE BY 14 PER CENT BUT STILL FAIL TO MEET EXPECTATIONS

Surge in power systems lifts GE

by John Authers in New York

General Electric, the US conglomerate, succeeded in raising profits by 14 per cent in the first quarter...

not significantly ahead of the earnings predicted by analysts... GE's market capitalisation has been overtaken by that of Microsoft...

interacted increases. Power systems logged the greatest growth in profits, rising 27 per cent from \$143m to \$182m...

It completed six acquisitions during the quarter, including several deals in Japan where it has been 'bargain-hunting'...

in interactive entertainment companies. Appliances was the only segment to suffer a decline in profits, dropping 2 per cent to \$161m...

Philips and VLSI end their stand-off

By Louise Kohne in San Francisco

Philips, the Dutch electronics group, has reached a standstill agreement with VLSI Technology...

NEWS DIGEST

COMMUNICATIONS

Nortel Networks shares rise on Bell contract

Shares in Nortel Networks rose 8 per cent in early Toronto trading yesterday after the Canadian communications networking company announced it had won a contract to supply Bell Atlantic...

Alcatel, the French telecommunications equipment maker, was awarded a similar US\$800m contract...

While Nortel is a leader in fibre optic transmission equipment for long-haul traffic, it has taken only a modest share of the market for local access equipment...

In a separate US\$400m agreement with Bell Atlantic, Nortel is to upgrade voice switching equipment that it had previously provided to the carrier...

Cisco makes two buys

Cisco Systems, the dominant provider of routers for Internet traffic, is buying two companies for a combined total of \$445m worth of stock...

ACCOUNTANCY

D&T sells subsidiary

A subsidiary of Deloitte & Touche, the US 'Big Five' accounting firm, has been sold through a management buy-out...

PHARMACEUTICALS

Overseas growth lifts Abbott

Abbott Laboratories, the US drugs and healthcare products group, yesterday reported a 13.2 per cent increase in first-quarter earnings per share...

TD leapfrogs to top of Canadian bank league

Toronto-Dominion Bank's discount brokerage business has given it a lift, writes Edward Alden

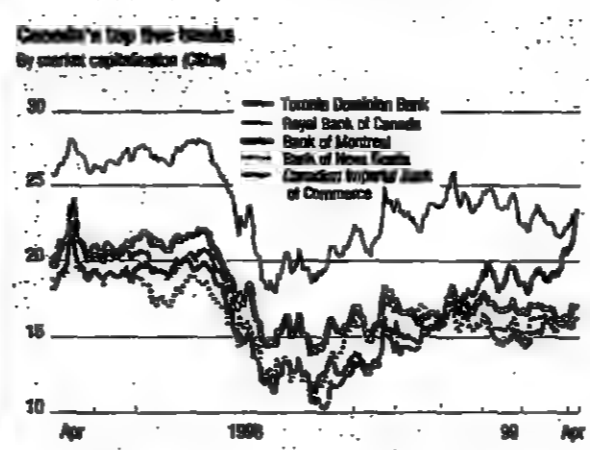


Going for growth: Charles Baillie says discounting is integral

Toronto-Dominion Bank, long the smallest of Canada's 'big five' banks, this week became the largest...

house Securities, should also be a much more potent currency for acquisitions than the bank's lower multiple shares...

TD's competitors are only beginning that process. Anthony Comper, the new chief executive at the Bank of Montreal...



Source: Thomson

At Wednesday's closing share price of C\$78.50, TD was valued at more than C\$23.2bn (US\$15.5bn), slightly above Royal Bank's C\$22.5bn...

While TD has historically generated the best shareholder returns of any Canadian bank, it has often been dismissed as a poor cousin to Royal Bank and the Canadian Imperial Bank of Commerce...

But shares in the other banks have languished since the government last year blocked two merger proposals that would have joined Royal with the Bank of Montreal and TD with CIBC...

TD's entire wealth management business produces just 16 per cent of profits, but it is growing rapidly worldwide at a time when Canada's banks face a saturated market at home...

"It really is a critical mass business. You're not going to be profitable until you are a fair size. It is an area where we can get a jump and keep that for some time..."

He also predicts the discount business will continue to consolidate because the economies in establishing a distinct brand and the synergies of merging back office operations are enormous...

TD is the world's second largest discount broker, and is growing more rapidly than Charles Schwab, the largest. "It's very rare that a Canadian gets that kind of opportunity in a high-growth business..."

Analysts say that without the size the mergers would have brought, Canadian banks must become more focused players, concentrating on niche businesses on a North American or global scale...

For TD, the crown jewel has been discount brokerage. Led by Waterhouse Securities, the US discount brokerage company acquired in 1996, revenues from TD's wealth management division grew by 87 per cent over the last year...

Royal Bank announced this week it would invest C\$29m to expand the operations of Bull & Bear Securities, its tiny US discount brokerage subsidiary...

Mr Baillie acknowledges the concern, but is not overly worried. "We are going to be more volatile," he says, "but we'll be volatile from a higher base..."

With shares in Schwab trading at more than 90 times earnings, analysts are predicting that TD's IPO could generate close to C\$1bn, allowing it to increase spending on advertising and technology...

Carrefour

SALES, TAXES INCLUDED AS OF MARCH 31, 1999

Table with 4 columns: March 99, March 99/March 98, 3 months ended March 31, 1999, % compared March 99/March 98. Rows for Group sales and France.

In March, Carrefour has opened its 22nd store in Taiwan (Taishung - Cheng Shing, 9 000 m²)

Asian Financial Markets

Friday April 30

For further information please contact:

Heather Riley in Hong Kong Tel: +852 2905 5553 Fax: +852 2537 1211 Email: heather.riley@FT.com

FINANCIAL TIMES No FT, no comment.

INDUSTRIVÄRDEN

Annual General Meeting

Shareholders of AB Industrivärden are cordially invited to attend the Annual General Meeting on Wednesday, April 21, 1999, at 2 p.m. at Grand Hotel, Vinterträdgården, in Stockholm, Sweden.

For complete notice with agenda, please contact Industrivärden.

Stockholm, Sweden, March 1999

The Board of Directors

AB Industrivärden (publ.), Box 5403, SE-114 84 Stockholm, Sweden. Phone +46 8 686 64 00, Fax +46 8 681 46 28, info@industrivarden.se or www.industrivarden.se

Deutsche Bank

Aktiengesellschaft

(Incorporated in the Federal Republic of Germany with limited liability) Frankfurt am Main

We are convening our Ordinary General Meeting this year on Monday, May 17, 1999, 10.00 a.m. in the Festhalle, Messe Frankfurt, Ludwig-Erhard-Anlage 1, 60327 Frankfurt am Main.

Agenda:

- 1. Presentation of the established Annual Financial Statements and the Management Report for the 1998 financial year... 2. Appropriation of distributable profit... 3. Ratification of the acts of management of the Board of Managing Directors for the 1998 financial year...

- 14. Authorization to grant option rights to employees of Deutsche Bank Group through creation of conditional capital and amendment of the Articles of Association... 15. Conversion of bearer shares to registered shares, exclusion of claim to certificate form and amendments to the Articles of Association...

Shareholders entitled to participate in the General Meeting and to exercise their right to vote are those who have deposited their shares during normal office hours and in the prescribed form at a depositary bank until the end of the General Meeting.

Shares shall only be deemed deposited if they have been lodged by May 7, 1999, at the latest, with either of the aforementioned depositary banks or with any other authorized depositaries in the United Kingdom. In the U.K., entrance cards or forms of proxy will be issued by the aforementioned offices of Deutsche Bank AG or Midland Bank plc to whom application should be made.

Frankfurt am Main, April 1999

The Board of Managing Directors

COMPANIES & FINANCE: ASIA-PACIFIC

Kokumin seeks extra capital

By Naoko Nakamae in Tokyo
Kokumin Bank, a Tokyo-based second-tier regional bank, yesterday said it was appealing to its leading shareholder to help boost its capital base in the wake of an inspection by the Financial Supervisory Agency, the banking watchdog.

RETAILING CHAIRMAN TO PAY HK\$1.53bn TO MOVE GLOBAL BRANDS PORTFOLIO, INCLUDING HARVEY NICHOLS, INTO PRIVATE COMPANY
Dickson Concepts to sell foreign assets

By Louise Lucas in Hong Kong
Dickson Concepts, one of Hong Kong's most successful international companies and owner of London's upmarket retailer Harvey Nichols, has announced it will sell its foreign assets.

The deal is two-pronged. The non-Asian assets, plus certain of their debt obligations, will be acquired by Mr Poon and his family and, in return, shareholders will receive a special cash dividend of HK\$2.80 per share.



Dickson Poon, chairman, has ruled out full privatisation from his internal resources. Mr Poon now owns 51.9 per cent of Dickson Concepts, and a further 2.5 per cent is held by his family.

Schweppes moves to secure sale

By Gwen Robinson in Sydney
Cadbury Schweppes, the UK confectionery and beverage group, said yesterday it remained confident that its planned sale of soft drink brands to Coca-Cola would proceed despite objections raised by Australia's competition watchdog.

domestic competition. The original proposal would have seen Coca-Cola's share of the carbonated soft drink business in Australia rise to about 75 per cent from 66 per cent, said the ACCC.

Profits rise at Sinar Mas pulp subsidiaries

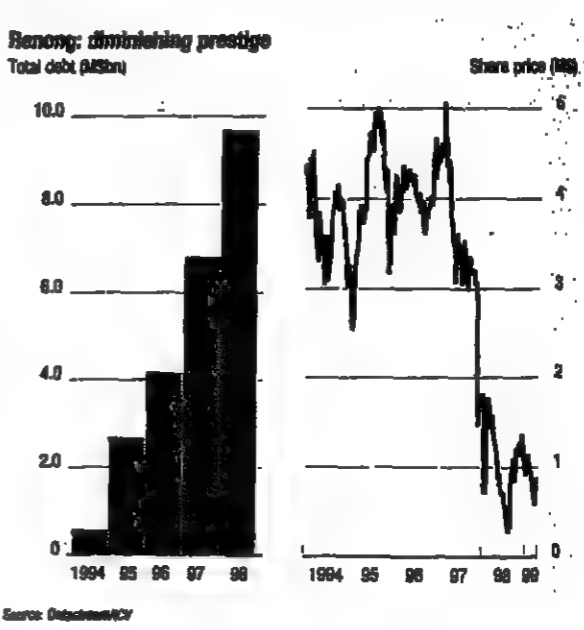
By Sandra Thomas in Jakarta
The three pulp and paper subsidiaries of Sinar Mas, one of Indonesia's largest conglomerates, all reported stronger profits yesterday, but fluctuations in Indonesia's foreign exchange and interest rates overshadowed operational results.

De Beers Consolidated Mines Limited
A DIAMOND IS FOREVER
NOTICE TO HOLDERS OF LINKED DEPOSITARY SHARES WARRANTS TO BEARERS - PAYMENT OF COUPON NO. 11

Centenary Depository AG
NOTICE TO HOLDERS OF BEARER CENTENARY DEPOSITARY RECEIPTS - DIVIDEND DISTRIBUTION NO. 18 AGAINST PRESENTATION OF COUPON NO. 18

Renong adapts to the new order

The Asian crisis has led the conglomerate to distance itself from the government
By Sheila McElroy in Kuala Lumpur
At the first annual general meeting of Renong after the Asian financial crisis began, press officers of Malaysia's biggest corporate debtor barred reporters from the room, assuring them that Halim Saad, executive chairman, would eventually come out to address them.



Renong and UEM to pay their debts. Upon maturity, PLUS will have to pay M\$16.7bn to bondholders. So Renong must, in turn, repay PLUS M\$8.8bn and UEM must repay M\$5.9bn in 2008.

VRANKEN - Monopole -
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Canal Plus ma... Shipping... Increase... Yes

COMPANIES & FINANCE: INTERNATIONAL

PAY TELEVISION FRENCH GIANT WANTS TO SUPPLY SERVICES TO TELEPIU AND ITALIAN SATELLITE SUBSCRIBERS

Canal Plus makes offer on Stream

By John Capper, Media Editor

Canal Plus, the French pay television company, has offered to acquire the satellite subscribers of a rival pay television service in Italy as part of negotiations that could bring an end to a long-running rivalry.

Canal Plus's Telepiu service is thought to have offered about \$100m to take 30,000 subscribers from Stream, controlled by Telecom Italia. Telecom Italia is

also considering other offers to restructure the loss-making Stream.

Canal Plus, which recently broke off merger talks with British Sky Broadcasting, the UK pay television company, wants to supply programming to both Telepiu and Stream, but leave Stream's cable subscribers with Telecom Italia.

According to people close to the talks, Canal Plus wants to supply programming to both Telepiu and Stream, while leaving the

two platforms nominally separate. This could help avoid European Commission monopoly concerns.

The talks have been prompted both by the Olivetti bid, and by opposition to earlier efforts, by News Corporation, which is controlled by Rupert Murdoch, to build up Stream as a rival service to Telepiu alongside Telecom Italia.

Following political opposition and delay in signing other partners to Stream, Mr Murdoch entered talks with

Canal Plus on a combination of their European pay television interests. News Corp holds 40 per cent of ESKYB.

It would be relatively easy to run satellite subscriptions to Stream and Telepiu alongside each other because both of the services are broadcast from the same satellite. Telepiu is estimated to have about 1.4m subscribers.

Canal Plus executives also hope that Telecom Italia could take a minority stake in Telepiu as part of a settlement. The French company

is seeking to reduce its stake in Telepiu to about 45 per cent from 90 per cent.

The French group is thought to be offering a little under the benchmark price of \$1,500 per subscriber in similar deals.

Analysts have said that Telecom Italia might be forced to close Stream if it cannot strike a deal. Olivetti has said it would seek a "strategic alliance" for Stream if it succeeded with its hostile bid for Telecom Italia.

French group in nuclear shift

By David Owen in Paris

Framatome of France expects to make more money from connectors this year than from its traditional nuclear business.

Figures released yesterday with the group's 1998 results show it expects €230m (\$248m) of consolidated operating profit from connectors in 1999 - up from €108m last year - against €200m from its energy sector.

This would mark a substantial change for a company created 40 years ago as Franco-Américaine de Constructions Atomiques to develop French expertise in nuclear reactors.

Much of the projected rise in connector-related profits and turnover is attributable to last year's \$1.5bn acquisition of US-based Berg Electronics. Following the takeover, Framatome claims to be world number two in connectors. As recently as 1997, operating profit from the energy sector was four times that from connectors.

Confirmation of this shift in the group's centre of gravity came as it reported a fall from €151m to €92m in annual net attributable profit. The result, on turnover marginally down from €2.5bn to €2.7bn, was in a year when the company did not invoice for any new nuclear power units. Consolidated operating income fell from €368m to €247m.

Yesterday's developments follow considerable speculation about possible changes in the company's shareholder base.

Serge Tchuruk, chairman of Alcatel, the telecommunications equipment group which owns 44 per cent of Framatome's capital, disclosed last month that the French government was to allow Alcatel to pull out.

There has been no clear indication of who Alcatel's replacement, or replacements, might be. Mr Tchuruk made clear that details on the withdrawal had not been decided.

Harnischfeger climbs higher

By Nikki Tait in Chicago

Shares in Harnischfeger, the US manufacturer of mining and paper-making equipment, continued to climb early yesterday in spite of the company's downbeat response to the disclosure that there may be a potential buyer for the company.

The claim was made by Trinity I Fund LP, an investment group linked to the Texas-based Bass family, which holds an 8 per cent stake in the company.

In a filing with the Securities and Exchange Commission, Trinity claimed that Harnischfeger's board might be "neglecting its fiduciary duty, particularly with respect to the evaluation of a recent offer that the company received from another company in the industry".

Trinity did not reveal the identity of the interested purchaser, but said it did not understand the basis on which the proposal "and the potentially significant synergies it could offer" were being evaluated.

Harnischfeger said yesterday that its next scheduled board meeting was due in May, and that it had no plans to bring this forward after Trinity's claim.

The Trinity letter indicated that no independent directors had met with the potential buyer, and said that the investment group itself would like to meet with non-management board members.

But Harnischfeger said yesterday it was not aware of plans by the board to meet representatives of Trinity in the wake of the letter's publication. The company said it was "open to considering any credible opportunity".

By lunchtime yesterday, Harnischfeger shares were \$1 higher at \$9 3/4, although this is still way below the 52-week high of almost \$35.

The company has faced a variety of problems recently - notably with a big paper-making machinery contract in Indonesia, and also with the fall-off in demand for mining equipment.

Shipping weathers increased pressure

Mergers are meeting cost/scale demands say Charles Batchelor and Valeria Sköld

Hard-pressed shipowners around the world are applying the rules of seamanship to the way they manage their business empires.

Just as a large ship is more favourably placed to ride out a stormy sea than a smaller vessel, so shipowners are concluding that bigger is better when it comes to weathering the storm of commercial pressure on their industry.

Three deals in the past month in the Nordic shipping community have highlighted the scramble for safety in size which has characterised the sector over the past two years.

The latest pairings are Frelax Shipping, operator of the largest fleet of medium-sized oil tankers, which is buying Norway's Bona Shipping; Wilhelm Wilhelmsen, also of Norway, which is to integrate its car-carrying and roll on/roll off freight activities with Wallenius Lines of Sweden; and Sea Containers which is taking control of Nypun Maritime, a ferry and cruise group.

The rationale for the three deals is different but they indicate that the urge to merge is occurring across widely differing sectors of

the shipping industry - in commodity markets such as tankers as well as in specialised sectors such as car transporting. "The market has definitely sparked up," says Peter Stokes, head of shipping research at Lazard Capital Markets. "Generally they have been defensive mergers but there has been some activity involving strategic alliances."

The increase in activity represents a modest reversal of the trend of recent decades which has seen the fragmentation of the shipping empires of the traditional European shipping nations.

This led to ownership shifting to individual, often highly secretive owners - many of them Greek - or to newly emerging ship-owning dynasties in south-east Asia.

The latest round of merger activity has been given a push by the problems of the Asian economies, though chronically low rates of return have been the norm in sectors such as containers for many years.

In addition, "conference" agreements which have been the traditional way of maintaining earnings in the container and general cargo markets, have been under-

Shipping: pushing the boat out

Date	Company	Deal	Sector	Value (\$m)
● Sep 98	P&O (UK)	merges with Nedlloyd (Netherlands)	Containers	-
● Oct 98	P&O (UK)	merges with Stena Line (Sweden)	Ferries	-
● Apr 97	Neptune Orient Line (Singapore)	buys American President Lines (US)	Containers	925
● Sep 97	Frontline (Norway)	buys London & Overseas Freighters (UK)	Tankers	119
● Feb 98	Notterdam & Trefler (Sweden)	merges with Argencor	Tankers (Sweden)	-
● Apr 98	Caravel (US)	buys Clarand (Norway)	Cruise	800
● Jul 98	Evergreen (Taiwan)	buys Lloyd Triestino (Italy)	Containers	-
● Sep 98	CP Ships (Canada)	buys Australasia New Zealand Orient Line	Containers	110
● Nov 98	Mitsui OSK (Japan)	merges with Nippon Yusen Kaisha	Oil tank, tankers, gas carriers	-
● Feb 98	AP Moller (Denmark)	buys Salmarne Coastal Lines (S. Africa)	Containers	300
● Mar 99	Wilhelmsen Wilhelmsen (Norway)	joint venture with Hellenic Lines (Greece)	Car transporting	-
● Mar 99	Sea Containers (Ireland)	buys 51% of Nypun Maritime (Greece)	Ferries and cruise	108
● Mar 99	Tasman Shipping (Australia)	buys Hosa Shipping (Norway)	Tankers	450

Source: companies

shipping analyst at Morgan Stanley Dean Witter. "It helps if this can be spread over a larger fleet."

Operating benefits. Larger fleets can offer a more comprehensive range of sailings to customers and the fleet can be deployed more effectively. These advantages mean the ship-owner has more negotiating power with charterers and with customers.

However some industry observers warn that the power of the newly merged shipping groups should not be overstated. "You don't get much pricing power in a commodity market like tankers," says Mr Siorer. "It is too fragmented."

And mergers will have little impact if new ships, built in low-cost yards desperate for orders, continue to flood into the market.

"The pressure on some of these owners to do something to improve earnings may result in consolidation, but I don't see any revolution," says Finn Engelsen Jr, head of research at Norwegian ship broking consultants Lorentzen & Stenocco.

Investor profile. Apart from a handful of very large players such as P&O of the UK, Carnival, the US cruise operator, and Neptune Orient Lines of Singapore, many medium-sized ship-owners are too small to make much impact on stock markets and the analysts who follow them.

"Larger companies enjoy a higher market rating because their shares are more liquid," says Mr Siorer. Companies with a more widely dispersed pattern of ownership are also more attractive.

Cap Gemini to buy Beechwood

By Christopher Price

Cap Gemini, Europe's biggest information technology services group, is paying \$200m for Beechwood, a US computer services company serving the North American telecommunications market.

The acquisition is the latest example of European software and services companies moving into the US market.

Serge Tchuruk, chairman of Alcatel, the telecommunications equipment group which owns 44 per cent of Framatome's capital, disclosed last month that the French government was to allow Alcatel to pull out.

There has been no clear indication of who Alcatel's replacement, or replacements, might be. Mr Tchuruk made clear that details on the withdrawal had not been decided.

information technology services to the telecoms industry, which is becoming increasingly reliant on technology as one of its main revenue drivers.

Cap Gemini said that Beechwood would be able to integrate with its existing US operations and generate other high value business for the group.

Cap Gemini last year reported revenues of \$623m from its US operations, which employs 4,000 people. Its US telecoms business employs 750 consultants and last year had revenues of \$120m.

Cap Gemini said the acquisition of Beechwood would enable it to offer global solutions in the customer relationship management market as well as customer care and billing services.

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yes

to the SG Paribas merger plan

no

to the hostile bids by BNP

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TELECOM ITALIA'S SHAREHOLDER MEETING

Three good reasons to vote "No."

TO THE SHAREHOLDERS OF TELECOM ITALIA: THIS WEEKEND A SERIES OF ACTIONS WILL BE PROPOSED AT TELECOM ITALIA'S SHAREHOLDER MEETING WHICH ARE DESIGNED SOLELY TO OBSTRUCT OLIVETTI'S TENDER OFFER FOR YOUR COMPANY.

WE ENCOURAGE YOU TO VOTE AGAINST THESE PROPOSALS AND TO SUPPORT OLIVETTI'S OFFER WHICH WILL ALLOW YOUR COMPANY TO BENEFIT FROM OUR STRATEGY TO ENSURE ITS FUTURE DEVELOPMENT AND PROSPERITY.

OLIVETTI'S OFFER

Olivetti has announced its intention to increase its offer to Euro 11.50 (Lire 22,267) per Telecom Italia ordinary share. This represents a 58% premium to the Telecom Italia ordinary share price at the beginning of January 1999 (Euro 7.28).

- Olivetti's offer is structured as follows:
 - Euro 6.92 (Lire 13,399) equal to 60.2% in cash;
 - Euro 2.90 (Lire 5,615) equal to 25.2% in five-year Tecnost bonds which will be listed and will pay an annual coupon of 1.5-2.0% over the 3-month Euribor rate; and
 - Euro 1.68 (Lire 3,253) equal to 14.6% in shares of Tecnost, the company which would become the majority shareholder in Telecom Italia.
- With regard to Telecom Italia's savings shares, Olivetti intends to propose and vote in favour of the following actions:

- the approval of a buy back programme for a number of savings shares equal to the maximum allowed by law, a commitment worth up to Euro 7.4 billion at a maximum buy back price per savings share of Euro 10.0
- the priority treatment of savings shareholders with the aim of distributing a total dividend of not less than the payment made in June 1998

By accepting the Olivetti offer, in addition to being guaranteed a significant premium over the market price, you will also be able to share, together with Olivetti, in the future success of Telecom Italia.

OLIVETTI'S TRACK RECORD

Olivetti has been widely acknowledged for its achievements since the end of 1996. The Olivetti management team has applied capital, energy and expertise in implementing a strategy that has delivered outstanding returns for its shareholders.

Olivetti is convinced that with your support it can repeat this success with Telecom Italia.

OLIVETTI'S STRATEGY

Telecom Italia must change to compete in the fast growing and rapidly evolving telecommunications market place. To succeed it needs a clear vision, a decisive action plan and a more entrepreneurial approach to the development of its business.

Olivetti's strategy for Telecom Italia has been presented to major Italian and International financial institutions. Twenty-five of the world's leading banks

share the Olivetti vision for Telecom Italia and have backed our offer through a loan amounting to Euro 22.50 billion (Lire 43 trillion), the largest ever extended to a European company.

Olivetti's strategy is to enhance the competitiveness of Telecom Italia's fixed-line business. As part of this strategy, we will invest significant resources in new product and service developments in areas such as data transmission, the internet and e-commerce.

In addition, Olivetti's strategy is designed to maximise the potential of TIM, Telecom Italia's cellular subsidiary. TIM will be re-positioned as a major European player operating alongside Telecom Italia. Olivetti's industrial plan provides for significant investment in the latest cellular technologies and an accelerated integration of fixed-line and mobile service offerings, including the introduction of more competitive tariff structures. In contrast to Telecom Italia's stated plans, we propose to achieve our strategy without wasting precious financial resources on a restructuring of the company's capital structure which generates no business or strategic benefits. Instead, Olivetti proposes to maintain TIM as a strongly capitalised, majority controlled subsidiary and has committed to increasing the dividend pay-out ratio on TIM shares to 90% of net income.

For these reasons, Olivetti urges you to vote against the proposals submitted by the Telecom Italia Board to this weekend's shareholder meeting.

By voting "No", You will retain your right to choose.



This Offer applies to all ordinary shareholders of Telecom Italia on equal terms. However, the offer cannot be extended to the United States nor to other countries where authorisations from competent bodies have not been obtained (see para. 1.6 of the Olivetti and Tecnost communiqué to Consob [the Italian Stock Exchange Commission], Borsa Italiana [the Milan Stock Exchange] and Telecom Italia dated 24 February 1999).

RECRUITMENT



ROBERT TAYLOR

Work as a blessing

New Labour's concept of work as personal salvation marks a return to an old tradition

Why do we work or want to work? It is not a question that most people spend much or any of their time thinking about. But ever since Adam and Eve in the Garden of Eden, work has been regarded as "a sacred duty and the source of all human comforts, creating wealth and making civilisation possible" or so says Professor Keith Thomas in his perceptive introduction to an anthology of literature on work which has just been published.

Work is certainly seen in today's New Labour Britain as personal salvation, the way out of poverty and welfare dependence. In the US under President Clinton, work is also encouraged as a necessary cure for idleness among the underclass. In both cases this represents a return to an old tradition.

Neither John Calvin nor Martin Luther as quoted in Prof Thomas's wide-ranging book, but the work ethic surely lies at the heart of western civilisation, not just capitalism. In the words of St Paul: "those who do not work shall not eat." For

Christians of all denominations work was perceived as a divine command, keeping people out of mischief. Of course, for most of the human race work has always meant "hard toil for small reward". It has certainly involved degradation, exploitation and drudgery. Many Utopias - though not Sir Thomas More's - and Arcadias

'Work was a cure for boredom and melancholy and a remedy for vice. It was considered the only sure route to human happiness'

portrayed in literature have evoked a dream world of pleasure through idleness because work was seen as a "tedious necessity".

But as Prof Thomas's diverse and rich anthology makes clear, work has always had an important benevolent face as well. As he explains: in the past "Work was a cure for boredom and melancholy

and a remedy for vice. "It was the only sure route to human happiness, bringing health, contentment and personal fulfilment. It structured the day, gave opportunities for sociability and companionship, fostered pride in individual creativity and created a sense of personal identity."

As Irina explains in Chekhov's *Three Sisters*: "A man must work, toil in the sweat of his brow, whoever

he may be for that is the meaning and object of his life, his happiness, his enthusiasm."

And this goes for domestic work carried out by women: "Eating, sleeping, cleaning - the years no longer rise up towards heaven, they lie spread out ahead, grey and identical. The battle against dust and dirt is never won," wrote Simone de Beauvoir in

The Second Sex half a century ago.

On the other hand, for most people the workplace is a constant source of companionship. Nor is this confined to the rural idylls in Thomas Hardy's Wessex novels. "What is modern office life if not a matter of birthday cards, anniversaries and retirement parties, overheard telephone conversations and encounters at the photocopier?" asks Prof Thomas.

But of course there is necessary work for the many, but interesting work for only the few.

D.H. Lawrence wrote a poem entitled *Work* in 1929. "There is no point in work unless it absorbs you like an absorbing game. If it doesn't absorb you, if it's never any fun, don't do it." This has hardly been an option for most workers. Nor is it the kind of hedonism that would find favour with welfare chancellor Gordon Brown.

He would share the view of Winston Churchill, leaving president of the board of trade in 1909, who argued: "There is no reason why people should wander about in a loafing and idle manner; if they are not earning their living they ought to be put under some control."

Emile Zola wrote more sensitively than most novelists about manual work but his address to the Paris Students' Association in 1883 suggests that he, like other intellectuals, benefited from the stimulus of stress from work. Throughout his life,

I JUST LOVE WORK - AND EVEN THE ACTUAL WORK ISN'T BAD



ROGER BEAUM

which he said was often desperate and miserable, work was the "one fortifier", "steady, settled work, the daily task, the self-imposed duty of making a forward step every day towards the accomplishment of one's allotted toil".

As Prof Thomas accepts, few who have written about manual work experienced much of it in their own lives. But then no coalminer has ever written as evocatively about working down a pit as George Orwell. It was Upton Sinclair who left us an abiding portrait of the horrors of the meat-packing yards of pre-Great War Chicago in *The Jungle* and John Steinbeck who immortalised the canning factories of Monterey in the 1940s. But it is Charles Dickens who wrote most perceptively about the world of work. It is no surprise to find he has more contributions (13) in Prof Thomas's anthology than

any other writer.

The anthology does not encourage smugness about the inner virtues of work. As Prof Thomas argues: "Work has afforded mankind many satisfactions but it has also caused an incalculable quantity of unhappiness. Throughout human history most work has been too exhausting, too unhealthy and too poorly rewarded."

This anthology does not consist solely of novelists, poets and socialists. The great Henry Ford is quoted and he deserves his place there. As he said in his autobiography: "There will never be a system invented which will do away with the necessity of work. . . Work is our sanity, our self-respect, our salvation. So far from being a curse, work is the greatest blessing. Exact social justice flows only out of honest work." Amen. *The Oxford Book of Work*, edited by Keith Thomas, Oxford University Press, £20



WORKING BRIEFS

Bonuses gain importance in rewards for NHS trust executives

The basic pay of chief executives of National Health Service trusts rose by an average 5.2 per cent in the 12 months to March 1998 to a median annual salary of £69,000. The rise in their total remuneration package of benefits and incentives was lower at 4 per cent and 4.6 per cent respectively, taking their median remuneration to £74,000 a year.

Bonuses are becoming an increasingly important ingredient in NHS trust executive pay. Two-fifths of executives are awarded one, with their value ranging between £1,000 and £16,000 a year. IDS, 77 Bastwick Street, London EC1V 3TT.

Agency increase

Growing numbers of UK workers are working for employment agencies on temporary contracts in occupations as varied as nursing, teaching, catering and entertainment. An estimated 16 per cent of all temporary employees are defined as agency workers.

This represents a threefold increase during this decade to between 270,000 (according to the official Labour Force Survey) and 900,000 (the estimate of the Federation of Recruitment and Employment Services). The Trades Union Congress, in an analysis of agency workers, says just over half are women, aged under 30, with nearly a quarter in full-time occupations.

Flexible pair

Laws to encourage greater use of part-time and temporary employment have been passed in the Netherlands and Greece as both countries seek to create more flexible labour markets to combat unemployment, according to the latest issue of European Industrial Relations Review.

BANKING FINANCE & GENERAL APPOINTMENTS



United Nations Industrial Development Organization

UNIDO is the UN agency providing specialized services for sustainable and environmentally sound industrial development. To deliver these services and to make a definitive contribution to achieving the goals of the newly transformed UNIDO, the Director-General is looking for men and women of the highest level of competency and integrity to join his team at headquarters.

Director, D-1

Buildings Management Service

Responsible for directing the operation, maintenance and repair of the Vienna International Centre buildings (202,000 m2), the United Nations headquarters in Austria. Vacancy VA-99/002

Director, D-1

Investment and Technology Promotion Branch

Responsible for defining strategies and directing UNIDO's programme to assist developing countries and transition economies in building up their institutional capacities and professional skills to attract investment and technology for industrial projects, establish international industrial partnerships and implement the full cycle of innovation, investment and technology transfer. Vacancy VA-99/003

Associate System Analyst, P-2

Treasury, Financial Services

Responsible for analyzing existing financial systems; designing, implementing and testing new systems; suggesting efficiency measures; training staff on systems; ensuring back-ups of critical systems; monitoring systems operations; and resolving and anticipating software problems. Vacancy VA-99/006

Industrial Development Officer, P-3

Cleaner Production and Environmental Management Branch

Responsible for contributing to the identification, formulation and promotion of technical cooperation programmes in cleaner production, pollution control and waste management; analyzing trends and preparing technical papers related to environmentally sound technologies; participating in governmental and country level negotiations and organizing international meetings relating to technical cooperation programmes; and promoting funds mobilization. Vacancy VA-99/007

Senior Industrial Development Officer, P-5

Cleaner Production and Environmental Management Branch

Responsible for designing, managing and implementing the Environmental Policies Framework; advising at policy level on issues related to promotion and development of the sustainable industrial sectors programme; developing concepts and innovating approaches and strategies for the Environmental Policies Framework; and establishing networks and liaising with other organizations/agencies and key environmental institutions. Vacancy VA-99/008

Industrial Development Officer, P-4

Cleaner Production and Environmental Management Branch

Responsible for formulating, promoting and implementing technical cooperation programmes in Cleaner Production specifically in chemical industries; analyzing country reports to identify individual country needs related to environmentally sound technologies; formulating technical papers; leading and/or participating in international missions; participating in cleaner technology meetings; and monitoring project implementation. Vacancy VA-99/009

Director, D-1

Montreal Protocol Branch

Responsible for policy formulation and directing UNIDO's programme to assist developing countries and transition economies to achieve the objectives of the Montreal Protocol by reducing the use of ozone depleting substances in industrial processes and products. Vacancy VA-99/004

Director, D-1

Staff Development and Management Branch

Responsible for providing leadership in the development and application of modern human resource management practices and the management and coordination processes related to staff planning, recruitment and selection; development of staff; social security; and application of UN-related staff rules and regulations. Vacancy VA-99/005

Senior Industrial Development Officer, P-5

Cleaner Production and Environmental Management Branch

Responsible for advising at policy level on issues related to promotion and development of the cleaner production programme; formulating technical papers; leading technology transfer meetings; establishing networks and liaising with other organizations/agencies and key environmental institutions; and formulating, promoting and implementing technical cooperation programmes in cleaner production, pollution control and waste management. Vacancy VA-99/010

Senior Industrial Development Officer, P-5

Montreal Protocol Branch

Responsible for serving as a focal point for methyl bromide conversion issues within UNIDO and coordinating UNIDO's Montreal Protocol projects in the application of fumigation techniques and alternatives to methyl bromide; providing policy advice and consulting services in ozone depleting substances elimination projects involving methyl bromide; formulating, promoting and implementing projects in this sector; and keeping abreast of developments related to alternative technologies. Vacancy VA-99/011

Associate Industrial Development Officer, P-2

Quality, Standardization and Metrology Branch

Responsible for assisting in identifying, formulating, promoting and implementing technical cooperation programmes and projects related to quality management, continuous improvement and management system standards; and participating in preparatory assistance and programming missions including applications of ISO 9000 and 14000. Vacancy VA-99/012

Industrial Development Officer, P-4

Private Sector Development Branch

Responsible for designing and implementing partnership programmes between UNIDO and private sector institutions and enterprises; providing direct advisory functions to governments and institutions concerned with small- and medium-scale enterprises; reviewing regional and country level trends related to the developmental role and impact of private sector entities; and liaising with other UN organizations and developmental assistance agencies. Vacancy VA-99/013

Detailed information on the positions is available through the Internet at the UNIDO home page address: <http://www.unido.org> (Who We Are/Career Opportunities). UNIDO offers attractive remuneration packages and benefits in line with the United Nations common system. Female candidates from all UNIDO Member States are particularly encouraged to apply. Interested candidates should complete a UNIDO personal history form and submit it to: Chief, Staff Planning and Development Section, P.O. Box 300, A-1400 Vienna, Austria (Fax: 00431 2692689 or 26026 6834; E-mail: psd@unido.org). Deadline for receipt of applications: 30 April 1999.

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Interested candidates should write by Friday 16 April enclosing your CV, to: Jackie Cubitt, Lehman Brothers, One Broadgate, London EC2M 7FL or email your application to: jcubitt@lehman.com

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ACCOUNTANCY APPOINTMENTS

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Daily Mail and General Trust is one of the longest established and most successful media companies in the UK. The Group has interests around the world in national and regional newspapers, business publishing, television, radio, exhibitions and information publishing. The Group tax department is now seeking to recruit an Assistant Tax Manager reporting to the Group Treasurer.

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The appointee will be a graduate qualified accountant who has US GAAP experience and is seeking a financial directorship in a challenging and fast moving environment. This requires proven management skills, coupled to strategic thinking ability, and highly developed motivational and influencing skills. The individual must be a team player who has the stature and credibility to win respect from fellow board members in the UK and internationally.

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International Operational Review

Ref: 0997021

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- ◆ Preference will be given to candidates with project review experience.
- ◆ Excellent communication skills in English are essential, as is IT proficiency.
- ◆ Fluency in a northern European language would be an advantage.
- ◆ You will be expected to travel extensively both within the UK and overseas.
- ◆ The ability to interact at all levels and to build relationships internally and externally is essential.
- ◆ You will be self-reliant, with high levels of drive and initiative.

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EURO PRICES

EQUITIES

ECB rate cut takes markets by surprise

EUROPEAN OVERVIEW

By Khazem Merchant

Euro-zone markets closed slightly up after a day when attention was focused on an event due to take place after the traders had gone home. That was the announcement by the European Central Bank of its decision on interest rates.

50 basis point cut took most people by surprise. Few had forecast such a large cut. Earlier in the day, the UK, the main euro-out, had cut interest rates by 25 basis points.

When markets open today the ECB rate cut is expected to benefit domestically focused, rate-sensitive stocks such as leisure and retail.

overnight close by Wall Street. Activity was quiet, with modest corporate news to distract attention.

Later, consumer cyclical and retailers led the way in the expectation of a modest easing of monetary policy.

The FTSE Eurotop 300 index of Europe's leading stocks rose 0.37 points or 0.09 per cent to 1,384.37. The FTSE Ebluc index of shares in euro-zone countries

gained 0.88 or 0.03 per cent to 2,967.07.

The strongest performing sector was personal care and household products, which climbed 4.56 per cent, driven by L'Oréal. The French beauty products company was one of a few big movers, closing 6.38 per cent higher on the back of encouraging first-quarter sales figures. Its share price closed up €37.5 at €51 after improved sales

in US, Europe as well as emerging markets.

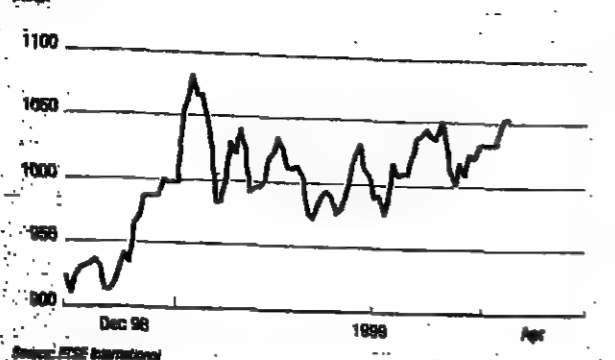
Another sector moving in anticipation of an interest rate cut was leisure, entertainment and hotels, which rose 3.38 per cent. Mining also improved, up 2.01 per cent.

Paribas, Société Générale and BNP, which are involved in a complex three-way merger battle, shed a little ground after Warburg, an investment bank, downgraded its rating for the French trio from "buy" to "accumulate".

Warburg said there was unlikely to be any significant advance in the contest until June. BNP led €5.60 to €72.60, while SocGen shed €13.50 to €166.90.

Among sectors that lost ground were aerospace and defence, which fell 2.11 per cent, and water, which continued a disappointing week, losing 3.83 per cent.

FTSE Eurobluc 100



FTSE Actuaries Share Indices

Table with columns: Index, % Change, % Yield, % Div, % Div Yield, Total Return. Includes indices like FTSE Eurotop 300, FTSE Eurobluc 100, etc.

THREE MONTH EURO LIBOR FUTURES (LFF) €1m 100-rate

Table with columns: Date, Open, Set price, Change, High, Low, Est. vol, Open int. Includes data for Jun, Sep, Dec, Mar, Jun, Sep, Dec, Mar.

THREE MONTH EURO LIBOR FUTURES (LFF) €1m 100-rate

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OTHER INDICES

Table with columns: Index, % Change, % Yield, % Div, % Div Yield, Total Return. Includes indices like FTSE Eurotop 300, FTSE Eurobluc 100, etc.

FTSE EUROTOP 300

Large table listing various FTSE Eurotop 300 components with columns for Price, Change, % Change, etc. Includes sectors like Aerospace & Defence, Automobiles, Banks, Chemicals, etc.

CURRENCIES & MONEY

EURO SPOT FORWARD AGAINST THE EURO

Table showing Euro spot and forward rates against the Euro for various currencies like GBP, CHF, JPY, etc. Columns include Currency, Bid, Ask, etc.

BONDS

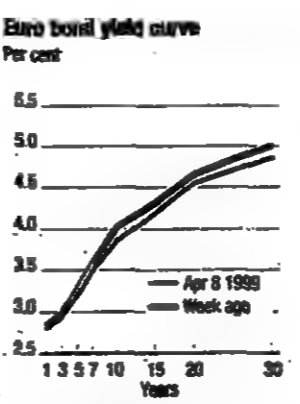
INTEREST RATE SWAPS

Table showing interest rate swap rates for different terms and currencies.

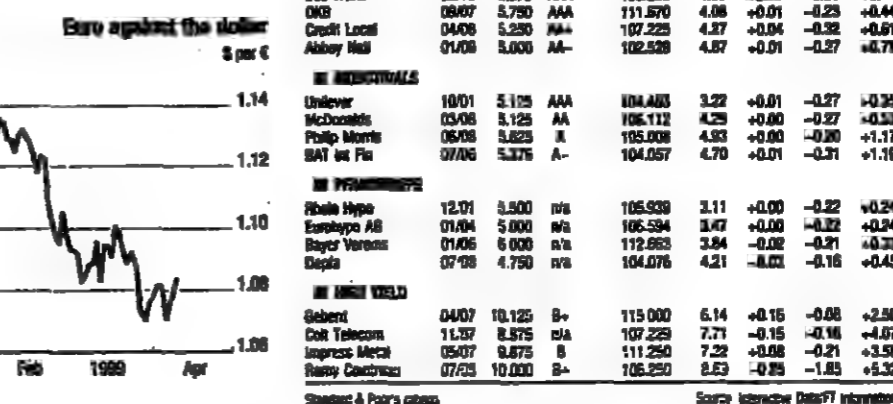
EURO-ZONE BONDS

Table showing Euro-zone bond yields and prices for various countries and maturities.

EURO BOND YIELD CURVE



EURO AGAINST THE DOLLAR



Advertisement for Arab Banking Corporation (B.S.C.) featuring 'YEAR END 1998 FINANCIAL RESULTS' and 'CONSOLIDATED BALANCE SHEET' and 'CONSOLIDATED INCOME STATEMENT'.

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BARCLAYS CAPITAL

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INTERNATIONAL CAPITAL MARKETS

Surprise ECB rate cut spurs European rally Hungary resurrects \$500m offering

BENCHMARK BONDS

By Arkady Ostrovsky in London and John Labate in New York

European bond markets rallied yesterday following a surprise decision by the European Central Bank to cut interest rates by as much as 50 basis points to 2.5 per cent.

traded on the London International Futures and Options Exchange rose from 97.36 to 97.40, indicating, however, that the market was not prepared to price in another 25 basis point cut by September.

"It almost seems that the ECB's message is that it had done as much as it could by using monetary measures and the ball is now in the court of the politicians," said David Knott at the Deutsche Bank.

Reed at Barclays Capital said the market's lukewarm reaction to the cut could also be explained by the fact that in contrast with its previous practice, the Bank of England did not issue a statement explaining its reasons for lowering the rate.

The Bank said the minutes of the monetary policy committee would be published in two weeks. Observers suspected there could have been serious disagreement between the members of the monetary policy committee.

NEW ISSUES

By Khazem Marchant

Hungary yesterday launched a \$500m global bond, two weeks after the original launch was postponed because of the Kosovo crisis.

The seven-year bond was set to launch the day after Kosovo was attacked by Nato. The bond will be priced today at an indicative spread of 145 basis points over the relevant treasury.

the upswing", bankers said, and allows investors to benefit from the convergence of Hungarian spreads as the country approaches membership of euro-zone.

Hungary has set the pace among emerging eastern European issuers. In February it was the first sovereign borrower rated below single A to issue in euros, a \$500m 10-year note. It was priced at issue to yield 86 basis points over the bund, widened by 10 basis points after Nato's action in Kosovo, and has now tightened.

New international bond issues

Table with columns: Borrower, Amount, Coupon, Price, Maturity, Yield, Spread, Book-runner. Lists various international bond issues.

NTL, the UK-based telecoms group, kept up the recent resumption of high-yield bond issuance with a \$300m note that was largely bought by US investors.

November and by January the secondary market had regained its strength, though issuers were still reluctant to follow suit.

a yield spread of 533 basis points over the relevant UK gilt and traded at a premium. There are another three high-yield bonds in the market.

Turkey pledges capital market reforms

By Layla Boulton in Ankara

In a move to encourage more investors to differentiate among emerging markets in its favour, Turkey is promising to deliver important reforms of its capital markets after its general election on April 18.

Exchange (IMKB), the only one in the country, is to be converted into a "Turkish-style" exchange, by adopting different listing requirements in order to open the way for smaller regional companies to go public. It is also developing the necessary software for a nationwide computer network that would enable investors anywhere in the country to enter orders through a local brokerage.

domestic debt market, while political instability has driven market volatility. Ezre Timurkan, head of international capital markets at Korfizbank, a middle-size Turkish commercial bank, says that in the present environment, "there's no way that anyone would dare write an interest rate option any further ahead than a week".

Mr Timurkan shares widely-held market expectations that the election will deliver real change. The International Monetary Fund has promised Ankara financial support if the post-election government implements a comprehensive anti-inflation strategy, the parameters of which have already been agreed.

Mr Mengütlük agrees with the need for structural reform to underpin the institutional changes he has in mind. For instance, he is keen that foreign investors, who own half the free float

Freeport downgraded

By Sander Thomas in Jakarta

Standard & Poor's, the rating agency, yesterday downgraded Freeport's credit rating from B- to CCC+, reflecting the increasing political instability in Indonesia.

rating for Indonesia. New on its list of concerns were growing separatist sentiments in Irian Jaya, the province where Freeport operates its giant Grasberg mine.

parliamentary and presidential elections may well bring opposition leaders to power.

The downgrading came despite government approval last month for expansion of Grasberg's production to 300,000 tons of ore per day, ignoring claims by tribal leaders in Irian Jaya that expansion would worsen the environmental impact of the mine's tailings.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Table of benchmark government bond prices for various countries including Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, India, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK, and USA.

BOND FUTURES AND OPTIONS

Table of bond futures and options prices for various countries including France, Germany, Italy, Spain, and UK.

US CORPORATE BONDS

Table of US corporate bond prices for various companies and sectors.

INTERNATIONAL BONDS

Table of international bond prices for various countries and currencies.

10 YEAR BENCHMARK SPREADS

Table showing 10-year benchmark spreads for various countries.

EMERGING MARKET BONDS

Table of emerging market bond prices for various countries.

UK BONDS

Table of UK government bond prices.

UK Indices

Table of UK stock market indices.

FTSE Actuaries Government Securities

Table of FTSE Actuaries government securities prices.

UK GILTS PRICES

Table of UK gilt prices.

OTHER FIXED INTEREST

Table of other fixed interest rates for various instruments.

OTHER FIXED INTEREST

Table of other fixed interest rates for various instruments.

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OTHER FIXED INTEREST

Table of other fixed interest rates for various instruments.

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COMMODITIES & AGRICULTURE

PULP PICK-UP IN ASIAN DEMAND DRIVES PRICE RISE

Södra to lift benchmark by \$20

By Nicholas George in Stockholm
Södra, the world's largest producer of long-fibre market pulp, said it would raise the price of its benchmark pulp to at least \$500 a tonne on May 1 from \$480, the second rise this year.

Bleached Kraft was raised to \$480 in March after having languished at a four-year low since last October. Södra's move appears to confirm that paper producers are now prepared to accept higher prices following the failure of pulp producers to push through rises last autumn.

Other leading Nordic pulp producers are also considering increasing their prices with a pick-up in demand in Asia seen as the main factor driving the upturn. The price of the benchmark Northern Softwood

level is realised then Mr Jansson said he was convinced that further price rises would be pushed through. "I would think we will see a price in the \$510 to \$525 range," he said.

Anders Jansson, marketing manager of Rotterros, a medium-sized Swedish pulp producer which also raised its price to \$480 in March, said the company was also considering raising prices to above \$500 a tonne.

Cocoa futures in sharp decline

MARKETS REPORT
By Paul Solman, Robert Corzine and Gillian O'Connor
Cocoa futures prices fell almost 6 per cent in London yesterday for their lowest for six years.

NEWS DIGEST

ALUMINIUM Nymex to delay launch of new futures contract

The New York Mercantile Exchange, the Manhattan-based futures market, said yesterday it was delaying the launch of its new aluminium futures contract. Trading had been due to start next week, but will start on May 14.

EIU report expects soft markets to remain weak

By Paul Solman
Low prices of oilseeds, coffee and cocoa will help keep soft commodity markets weak this year, according to the Economist Intelligence Unit. Import demand remains poor, while larger harvests and the devaluation of the Brazilian Real are encouraging exports and forcing prices downwards, the EIU says in its latest "Food, Feedstuffs and Beverages" report, released today.

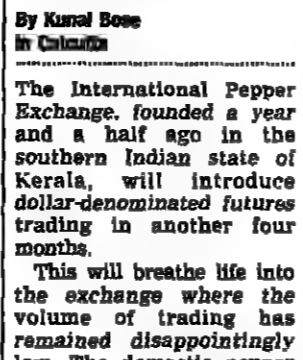
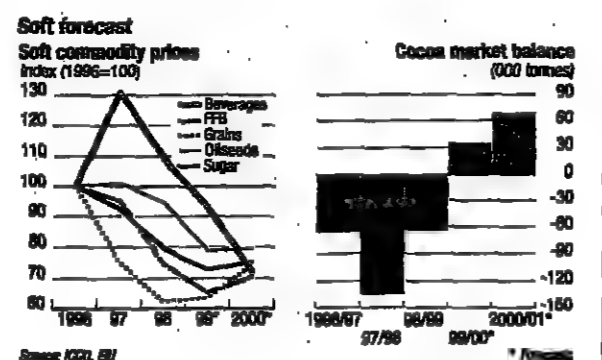
"So far in 1999, prices for soft commodities have fallen sharply, with beverages, oilseeds and sugar prices about 30 per cent lower than they were a year earlier," the EIU says. Edible oils are likely to be in surplus by about 872,000 tonnes in the current 1998/99 season.

"We expect the average spot price of soybean oil in the first quarter of 1999 to be some 23 per cent lower than in the same quarter of 1998." The coffee market is suffering from stagnant demand, with a small increase in US consumption being offset by falls in Asia and Russia. The low prices reached in recent months will stimulate demand, but the slow global economic growth will keep a lid on consumption, the EIU says.

Move to boost pepper exchange

By Kunal Bose in Calcutta
The International Pepper Exchange, founded a year and a half ago in the southern Indian state of Kerala, will introduce dollar-denominated futures trading in another four months.

Mariwala, president of Indian Pepper and Spice Trade Association, which sponsored the exchange, said foreign traders will be asked what other reforms besides dollar-denominated trading they want for participation in trading. A common complaint from foreigners is that the exchange has yet to put in place "an effective guarantee system for the contracts".



COMMODITIES PRICES

BASE METALS

Table with columns for metal type (Copper, Aluminium, Zinc, Lead, Tin, Nickel, Silver, Gold, Platinum, Palladium), price change, high, low, and open prices.

Precious Metals continued

Table with columns for metal type (Gold, Silver, Platinum, Palladium), price change, high, low, and open prices.

GRAINS AND OIL SEEDS

Table with columns for grain type (Wheat, Corn, Soybeans, Rice, Barley, Oats, Rye, Sorghum), price change, high, low, and open prices.

SOFTS

Table with columns for soft commodity type (Cocoa, Coffee, Sugar, Cotton, Wool, Hides, Skins, Rubber, Latex), price change, high, low, and open prices.

MEAT AND LIVESTOCK

Table with columns for meat type (Cattle, Pig, Lamb, Chicken, Turkey, Beef, Mutton, Pork, Bacon, Eggs, Butter, Tallow), price change, high, low, and open prices.

LONDON TRADED OPTIONS

Table with columns for option type (Aluminium, Copper, Gold, Silver, etc.), price change, high, low, and open prices.

JOTTER PAD

For solutions to today's crossword call 0800 848 0880. Calls cost 80p a minute.

CROSSWORD No.957 Set by QUARK

Crossword puzzle grid with clues for 1-31.

- 1 Mischievous child is an old city feature (6)
2 A northern church in a hilly environment unlikely to move? (2,5)
3 Reveal politician in one painting (6)
4 Gain ground (4)
5 Notice some lines opposite (7)
6 One reads casually of software acting as interface? (7)
7 Unfortunately left gap in fence (6)
8 The boot for the infantry? (6,6)
9 A European group of horses lacking in balance (8)
10 Drops the end (8)
11 Cheeky youngster to play "Consequences" (6)

PRECIOUS METALS

Table with columns for metal type (Gold, Silver, Platinum, Palladium), price change, high, low, and open prices.

NATURAL GAS

Table with columns for gas type (Natural Gas, Heating Oil, etc.), price change, high, low, and open prices.

PULP AND PAPER

Table with columns for pulp type (Softwood, Hardwood), price change, high, low, and open prices.

FIBRES

Table with columns for fibre type (Wool, Cotton, etc.), price change, high, low, and open prices.

INDEXES

Table with columns for index type (FTSE 100, Nikkei, etc.), price change, high, low, and open prices.

Wool from Market & Co

There are no wool auctions this week. Closing prices before the Easter recess were a little softer for New Zealand crossbred wools, and more for New South Wales and South Africa. Business in leading countries is generally quiet, though there is a slightly more hopeful view of the outlook than applied a short time ago. The US and Europe show signs of setting the dispute over bananas, with its astronomical price, which has been a major factor in the sector has been helped by a recent rise in consumer prices.

FT MANAGED FUNDS SERVICE

FT Managed Fund Prices are available over the telephone. Call the FT Managed Fund Desk on (444 777) 872 4578 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

Table listing various offshore funds under Bermuda (FSA Recognised) with columns for fund name, currency, and price.

BERMUDA (REGULATED)**

Table listing various offshore funds under Bermuda (Regulated) with columns for fund name, currency, and price.

CAYMAN ISLANDS (REGULATED)**

Table listing various offshore funds under Cayman Islands (Regulated) with columns for fund name, currency, and price.

MFS Meridian Funds - Contd.

Table listing MFS Meridian Funds with columns for fund name, currency, and price.

GUERNSEY (REGULATED)**

Table listing various offshore funds under Guernsey (Regulated) with columns for fund name, currency, and price.

Royal Bank of Canada (RBC) Funds - Contd.

Table listing Royal Bank of Canada (RBC) Funds with columns for fund name, currency, and price.

GUERNSEY (REGULATED)**

Table listing various offshore funds under Guernsey (Regulated) with columns for fund name, currency, and price.

Aberdeen Pacific Intl Fund Plc

Table listing Aberdeen Pacific Intl Fund Plc with columns for fund name, currency, and price.

Global - Contd.

Table listing various global funds with columns for fund name, currency, and price.

Global - Contd.

Table listing various global funds with columns for fund name, currency, and price.

Tilly (Irish) Ltd

Table listing Tilly (Irish) Ltd funds with columns for fund name, currency, and price.

IRELAND (REGULATED)**

Table listing various offshore funds under Ireland (Regulated) with columns for fund name, currency, and price.

San International Umbrella Fund Plc

Table listing San International Umbrella Fund Plc with columns for fund name, currency, and price.

San International Umbrella Fund Plc

Table listing various San International Umbrella Fund Plc funds with columns for fund name, currency, and price.

Paribas Multi-Manager Global Fund Plc

Table listing Paribas Multi-Manager Global Fund Plc with columns for fund name, currency, and price.

Paribas Multi-Manager Global Fund Plc

Table listing various Paribas Multi-Manager Global Fund Plc funds with columns for fund name, currency, and price.

CANCER HITS 1 IN 3. GIVE YOUR WORKFORCE A CHANCE TO FIGHT BACK. It is a fact that one third of the people in the UK will get cancer at some point in their lives. Cancer touches the lives of every one - employer and employees alike. Join the Macmillan Nurses in the fight. Telephone 0181 222 7706, or cut out this ad and return it to: Corporate Development Manager, Macmillan Cancer Relief, 3 Angel Walk, London W5 9HX.

delay launch contract

seen in US

AD

ROSSWORD



FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

© FT Citylink Unit Trust Prices are available over the telephone. Call the FT Citylink Help Desk on (+44 171) 673 4376 for more details.

Main table containing financial data for various offshore funds and insurances, organized by region (Jersey, Luxembourg, etc.) and fund type. Includes columns for fund names, prices, and other financial metrics.

OFFSHORE INSURANCES

Table listing offshore insurance companies and their respective financial details.

Handwritten Arabic text at the bottom of the page.

FT MANAGED FUNDS SERVICE

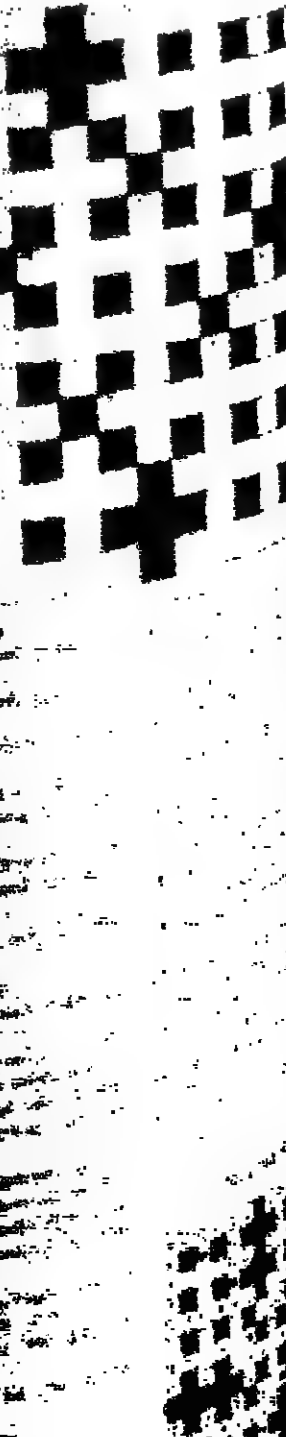
Offshore Insurances and Other Funds

FT Cytex Unit Trust Prices are available over the telephone. Call the FT Cytex Help Desk on (+44 1773) 876 4576 for more details.

elay launch... contract

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ROSSWORD



Main table containing financial data for various managed funds, including columns for fund names, managers, and performance metrics.

Advertisement for JAMES STREET with text: 'THE NUMBER OF PEOPLE OVER 60... WILL TRIPLE BY 2030. IT'S TIME FOR YOUR INVESTORS' RETIREMENT STRATEGIES TO MULTIPLY AS WELL.'

MANAGED FUNDS NOTES: A detailed section providing legal and regulatory information regarding the funds listed in the table.

LONDON SHARE SERVICE

AEROSPACE & DEFENCE

Table listing aerospace and defence companies with columns for company name, price, and change.

AUTOMOBILES

Table listing automobile companies with columns for company name, price, and change.

BANKS

Table listing bank companies with columns for company name, price, and change.

BEVERAGES

Table listing beverage companies with columns for company name, price, and change.

CHEMICALS

Table listing chemical companies with columns for company name, price, and change.

CONSTRUCTION & BUILDING MATERIALS

Table listing construction and building materials companies with columns for company name, price, and change.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies with columns for company name, price, and change.

ELECTRICITY

Table listing electricity companies with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQUIPMENT

Table listing electronic and electrical equipment companies with columns for company name, price, and change.

ENGINEERING & MACHINERY

Table listing engineering and machinery companies with columns for company name, price, and change.

CONSTRUCTION & BUILDING MATERIALS - Continued

Continuation of construction and building materials companies table.

DISTRIBUTORS

Table listing distributor companies with columns for company name, price, and change.

ENGINEERING & MACHINERY - Continued

Continuation of engineering and machinery companies table.

FOOD & DRUG RETAILERS

Table listing food and drug retailers with columns for company name, price, and change.

FOOD PRODUCERS & PROCESSORS

Table listing food producers and processors with columns for company name, price, and change.

FORESTRY & PAPER

Table listing forestry and paper companies with columns for company name, price, and change.

GAS DISTRIBUTION

Table listing gas distribution companies with columns for company name, price, and change.

GENERAL RETAILERS

Table listing general retailers with columns for company name, price, and change.

INSURANCE

Table listing insurance companies with columns for company name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for company name, price, and change.

ENGINEERING & MACHINERY - Continued

Continuation of engineering and machinery companies table.

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INSURANCE

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INVESTMENT COMPANIES

Table listing investment companies with columns for company name, price, and change.

INVESTMENT COMPANIES - Continued

Continuation of investment companies table.

INVESTMENT COMPANIES - Continued

Continuation of investment companies table.

HEALTH

Table listing health companies with columns for company name, price, and change.

HOUSEHOLD GOODS & TEXTILES

Table listing household goods and textiles companies with columns for company name, price, and change.

HOUSEHOLD GOODS & TEXTILES - Continued

Continuation of household goods and textiles companies table.

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HOUSEHOLD GOODS & TEXTILES - Continued

Continuation of household goods and textiles companies table.

Advertisement for Charles Schwab: 'Busy trading? Our Frequent Traders Club is perfect for the active investor. To find out more, call us on 0870 601 8888. and quote ref no FT 499. Charles Schwab Helping Investors Help Themselves www.schwab-europe.com'

INVESTMENT COMPANIES - Continued

Continuation of investment companies table.

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INVESTMENT COMPANIES - Continued

Continuation of investment companies table.

INV TRUSTS SPLIT CAPITAL

Table listing investment trusts split capital with columns for company name, price, and change.

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Handwritten Arabic text: 'مكتبة الراجحي'

LONDON SHARE SERVICE

كتابنا العربي

TRUSTS SPLIT CAPITAL - Continued

Table listing various trusts and their financial details, including names like 'The British Trustee' and 'The Commercial Union Assurance Co Ltd'.

MIRAGE - Continued

Table listing companies in the Mirage sector, such as 'Aer Lingus' and 'British Airways', with their respective share prices.

REAL ESTATE - Continued

Table listing real estate companies and their share prices, including 'British Land' and 'Crest Nicholson'.

SPECIALITY & OTHER FINANCE - Continued

Table listing speciality and other finance companies, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

TRANSPORT - Continued

Table listing transport companies and their share prices, including 'British Airways' and 'Aer Lingus'.

AIM - Continued

Table listing companies on the Alternative Investment Market (AIM) and their share prices.

LEISURE, ENTERTAINMENT & HOTELS

Table listing leisure, entertainment, and hotel companies, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

OIL & GAS

Table listing oil and gas companies and their share prices, including 'BP' and 'Shell'.

PACKAGING

Table listing packaging companies and their share prices, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

STEEL & OTHER METALS

Table listing steel and other metals companies and their share prices, including 'British Sky Betting & Gaming' and 'Crest Nicholson'.

AMERICANS

Table listing American companies and their share prices, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

CANADIANS

Table listing Canadian companies and their share prices, including 'British Sky Betting & Gaming' and 'Crest Nicholson'.

SOUTH AFRICANS

Table listing South African companies and their share prices, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

Advertisement for Interactive Investor website, stating 'If only this page could be updated now. Our pages just have been.' and providing the website URL www.iii.co.uk.

LIFE ASSURANCE

Table listing life assurance companies and their share prices, including 'British Sky Betting & Gaming' and 'Crest Nicholson'.

PERSONAL CARE & HOUSEHOLD PRODUCTS

Table listing personal care and household product companies and their share prices, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

RESTAURANTS, PUBS & BREWERS

Table listing restaurants, pubs, and brewers companies and their share prices, including 'British Sky Betting & Gaming' and 'Crest Nicholson'.

SUPPORT SERVICES

Table listing support services companies and their share prices, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

TRADED INDEX SECURITIES

Table listing traded index securities and their share prices, including 'British Sky Betting & Gaming' and 'Crest Nicholson'.

AIM

Table listing companies on the Alternative Investment Market (AIM) and their share prices.

MEDIA & PHOTOGRAPHY

Table listing media and photography companies and their share prices, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

PHARMACEUTICALS

Table listing pharmaceutical companies and their share prices, including 'British Sky Betting & Gaming' and 'Crest Nicholson'.

SOFTWARE & COMPUTER SERVICES

Table listing software and computer services companies and their share prices, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

TELECOMMUNICATIONS SERVICES

Table listing telecommunications services companies and their share prices, including 'British Sky Betting & Gaming' and 'Crest Nicholson'.

TOBACCO

Table listing tobacco companies and their share prices, such as 'British Sky Betting & Gaming' and 'Crest Nicholson'.

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GUIDE TO LONDON SHARE SERVICE. Press and holding shares for the London Share Service are defined by Financial Times Information. Company information is based on data used for the FTSE 100 Index.

FT Free Annual Reports Club. You can obtain the current annual reports of any company included in the FT 100 Index. Reports may also be ordered via the Internet at http://www.ft.com.

LONDON STOCK EXCHANGE

Rate cut fails to entice buyers back to market

MARKET REPORT
By Steve Thompson,
UK Stock Market Editor
The London equity market's run of eight straight winning sessions came to a grinding halt yesterday, ironically on the day the Bank of England's monetary policy committee sanctioned another reduction in domestic interest rates.

had already been factored in to the market.
"Despite the jitters prompted by Wednesday's stronger-than-expected services survey and industrial production number, the market was still going for a cut," said one marketmaker.
He added that the downside pressure in London was never substantial and pointed to the robust performance of the second and third-tier stocks as evidence that the institutions were not sellers.

The FTSE 100 closed down 35.3 at 6,437.9, having touched a session high of 6,488.7, up 16.5, just before the mpc announcement. At its lowest, the index posted a 58.0 decline. Over eight sessions, the index had risen 456.5 or 7.6 per cent.

An uncertain opening by Wall Street provided no support for London, which posted its session low minutes after the US market kicked off.

ignored Wall Street's powerful showing overnight, which saw the Dow Jones Industrial Average race back through the 10,000 level and finish 121 points higher.

Kosovo conflict, also gave cause for concern. We suspect that the FTSE 100 is now towards the top of the likely trading range for the rest of the quarter.

Digital picture sparkles

COMPANIES REPORT
By Joel Kibazo and Martin Brice
Broadcasters Carlton Communications and Granada Communications and Granada sparked as their jointly owned On Digital television company disclosed better-than-expected subscriber data at a London presentation yesterday.

able offer more content or functionality on both at comparable prices. So why sign up to On Digital?

Sentiment in Granada was also boosted by positive comment from analysts meeting the company. Gerry Robinson, Granada chairman, this week sold 64 per cent of his shares in the hotels and TV company for tax purposes.

ment fiasco, it is difficult to see a way forward for Reed apart from merger.

With the supermarkets having received notice of the move two weeks ago, the news was no surprise to the market.

Best and worst performing FTSE sectors (pre-reclassification)
Food & Paper Pharmaceuticals

ing the stock included Merrill Lynch, which reiterated its positive stance, while Warburg Dillon Read said to have urged investors to buy the shares.

Buyers were also seen for retailer W.H. Smith. The shares rose 75 or 10.6 per cent to 725p, the best performer in the FTSE 250.

BICC saw a break trade of 5.7m, with Prudential said to be a buyer of 2m shares at 103p and other institutional investors buying at 105p.

Bank shares, strongly supported recently by the prospects of a soft landing for the domestic economy, made progress in the early part of the session, but fell away towards the close as profit-takers moved in.

There was a handful of good performers as the curtain fell on the trading day, however. Abbey National, still being driven ahead by a couple of brokers, ran up 18 to 213.53, while Woolwich nudged up 24 to 386p.

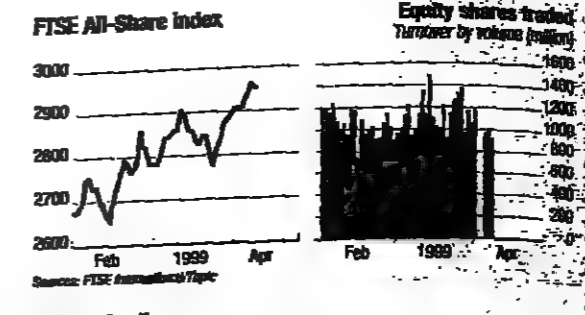


Table with 2 columns: Index and Rate. Rows include FTSE 100, FTSE 250, FTSE All-Share, and various interest rates like 10 yr Gilt yield and Long gilts yield.

FUTURES AND OPTIONS

Table of futures and options prices for FTSE 100 and FTSE 250. Columns include Open, Sell price, Change, High, Low, and other market data.

LONDON RECENT ISSUES: EQUITIES

Table of recent equity issues in London. Columns include Issue, Price, and other details.

FTSE GOLD MINES INDEX

Table of FTSE Gold Mines Index data, including Gold index, Silver index, and Platinum index.

FTSE Actuaries Share Indices

Table of FTSE Actuaries Share Indices for various sectors like Insurance, Finance, and Retail.

TRADING VOLUME

Table of trading volume for major stocks, including shares traded and percentage change.

Dealers cheered by the news helped Carlton bounce from Wednesday's retreat to close 20% up at 634 1/2p, while Granada, a solid performer in the previous session, put on another 44 to 213.50.

Table titled 'STOCKS MARKET TRADING DATA' showing market statistics like SEAD bargains, Equity turnover, and Total market turnover.

Table titled 'LONDON MARKET DATA' showing market statistics like Shares traded, Total value, and Total volume.

Bank of Scotland, which has been aggressively bought recently, came under pressure as profit-takers moved in. Glaxo Wellcome dropped 85 to 230.97 and SmithKline Beecham 21 to 89p.

Bank of Scotland was another big winner, climbing 14 1/2 to 903p on exceptionally heavy turnover of 11m.

Traders suggested that investors had taken fright at the company's statement that first-half earnings would be lower because of investment plans.

Large advertisement for 'European Community Newspaper' with a dark background and white text. Includes a subscription offer: 'Subscribe for a year and receive 4 weeks extra free.'

Advertisement for FTSE International, featuring the FTSE logo and text: 'The UK Series' and 'Hourly Movements'.

Small text at the bottom right of the page, likely a copyright or publication notice.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE (EMU) Prices in €

Table listing stock prices for various European countries including Germany, France, Italy, Spain, and Greece.

EUROPE (NON-EMU) Prices in £

Table listing stock prices for non-EMU European countries including the UK, Ireland, and the Netherlands.

EUROPE (NON-EMU) Prices in ¥

Table listing stock prices for non-EMU European countries including Japan.

EUROPE (NON-EMU) Prices in \$

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AMERICAS

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Advertisement for Rockwell featuring a photo of a man and text: 'Rockwell's call centre technology is helping business boom at Gratton, a top UK mail-order company.'

FT/S&P ACTUARIES WORLD INDICES

Table showing FT/S&P Actuaries World Indices for various countries and regions, including Australia, Canada, France, Germany, Italy, Japan, UK, and USA.

Emerging markets: IFC investable indices

Table showing Emerging markets: IFC investable indices for various countries including Argentina, Brazil, Chile, Colombia, India, Korea, Mexico, and others.

AFRICA

Table showing Africa indices for various countries including Algeria, Egypt, Morocco, and South Africa.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices for various companies, including columns for stock symbols, company names, and prices. The table is organized into several sections labeled with letters (A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

IN-SECTS (Pan European Sector Indices from EuroBench)
The IN-SECTS - Pan European sector indices from EuroBench - contain only those stocks that show a positive return in their respective sectors. The indices are calculated using the same methodology as the EuroBench index. For more information on IN-SECTS and EuroBench, visit www.insects.com and www.eurobench.com. A free daily email service can be subscribed to. For best copy selection and professional print quality, please contact us at +32 2 539 9400 or fax +32 2 539 1260.

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GLOBAL EQUITY MARKETS

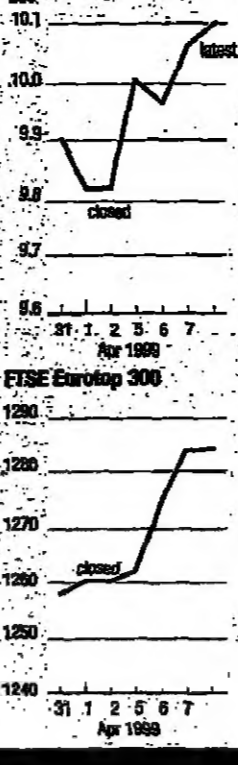
US INDICES

Table with columns for Date, Index Name, and Values. Includes S&P 500, Dow Jones, and NYSE.

US DATA

Table with columns for Index Name, Date, and Values. Includes Market Activity, NYSE, and NASDAQ.

Dow Jones



JAPAN

Table with columns for Index Name, Date, and Values. Includes Nikkei 225 and TOYO TRADING ACTIVITY.

FRANCE

Table with columns for Index Name, Date, and Values. Includes CAC 40 and PARIS TRADING ACTIVITY.

GERMANY

Table with columns for Index Name, Date, and Values. Includes DAX and FRANKFURT TRADING ACTIVITY.

UK

Table with columns for Index Name, Date, and Values. Includes FTSE 100 and LONDON TRADING ACTIVITY.

INDEX FUTURES

Table with columns for Index Name, Open, High, Low, and Change.

IN CAN-DO (200 x 100)

Table with columns for Index Name, Open, High, Low, and Change.

IN DAX

Table with columns for Index Name, Open, High, Low, and Change.

IN FTSE

Table with columns for Index Name, Open, High, Low, and Change.

IN NYSE

Table with columns for Index Name, Open, High, Low, and Change.

WORLD MARKETS AT A GLANCE

Large table listing global market indices for various countries including Australia, Canada, Europe, and Asia.

THE NASDAQ-AMEX MARKET GROUP

Extensive table listing individual stock prices and market data for the NASDAQ-AMEX group.

AMEX

Table listing specific stock prices and market data for the AMEX exchange.

EASDAQ

Table listing specific stock prices and market data for the EASDAQ exchange.

STOCK MARKETS

Wall St and banks spread ring of confidence

WORLD OVERVIEW
Share prices maintained their upward momentum yesterday, with central bank action offering the prospect of further gains, writes Philip Coggan.

The Hang Seng index in Hong Kong continued its strong run, gaining another 1 per cent.
In Europe, all eyes were on the two central banks making interest rate decisions.
The Bank of England duly obliged with a quarter of a percentage point cut in UK rates but the markets were closed by the time the European Central Bank announced its surprise cut of half a percentage point to 2.5 per cent. Plum Shipton,

European strategist at Merrill Lynch, said the size of the cut was unexpected but might well indicate that this is a one-off move and that further cuts in the short term are unlikely.
European stock markets lagged the rest of the world in the first quarter of the year and the rate cut may help spur a catch-up in the continent's bourses. European government bond prices and the euro both rose in response to the news.

Wall Street was mixed at the start but received support from in-line earnings figures from General Electric and better-than-expected figures from the Internet group Yahoo!, which were released after the market closed on Wednesday.
Michael Farr, president of Farr, Miller & Washington, a Washington-based financial consulting group, said the US market was overvalued but "the trend towards overvaluation will continue and that which has been expensive will become even more expensive". Before a correction could be triggered, there needed to be an "absence of worry" on Wall Street that would indicate overconfidence had set in.
One of the few factors to concern investors in recent weeks has been the bounce in oil prices, which has raised questions about the assumption that inflation would be low for the foreseeable future.

"Commodities have risen 12 per cent this year, led by a 40 per cent surge in oil prices," said the strategy team at Goldman Sachs.
"We expect further gains in commodities going forward, although the rise will be more muted."
But the Goldman Sachs team added that its forecast of moderate commodity price rises "is unlikely to pose an inflation threat in a world with so much spare capacity".

Dow looks ahead to sunny report season

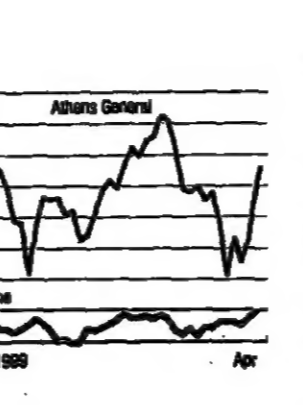
AMERICAS
US stocks moved broadly higher in early trading on Wall Street, as investors looked forward to the forthcoming earnings season, writes John Labase in New York.
The Dow Jones Industrial Average was 77.70 stronger by early afternoon at 10,163.01. The broader Standard & Poor's 500 index was even higher in percentage terms, up 13.16 or 0.9 per cent at 1,389.04.
For a second day Walt Disney, up \$1 to \$35, was among the big gainers in the Dow, moving ahead after the company said it would reorganize its publishing business. Coca-Cola was up \$2, at \$21 after analysts at Morgan Stanley Dean Witter reiterated its rating of "outperform."
However, weighing on the blue-chip index were Boeing, off \$2 at \$64, and Sears Roebuck, down \$14 at \$44. General Electric was down \$4 to \$11.33 after it reported earnings in line with expectations.
Internet shares were mostly higher, with Yahoo! down \$1/2 at \$207 as investors continued to take profits after the company issued its earnings results last yesterday. Spyglass rose 28 per cent or \$4 to \$17, after announcing a \$11m acquisition. Strength in the Internet and software sectors helped push the Nasdaq composite index 17.97 higher at 2,662.40.
Software stocks, recently battered, made a strong rebound. Oracle was up \$1 1/2 or more than 8 per cent at \$23 1/2 and PeopleSoft climbed

8% to \$13. Computer producers were mixed, with Dell Computer down 1/4 at \$49 1/2. Health-linked stocks fell steeply after Eli Lilly, the healthcare provider, warned on its forthcoming earnings, sending its shares down 32 per cent at \$11. Wellpoint Health Network was off 9/4 per cent or \$7 1/2 to \$89 3/4 and HealthSouth lost 5/4 to \$9 3/4.
Small-company shares gained ground, sending the Russell 2000 index up less than one point to 388.13.
TORONTO opened higher, helped by selective buying in a handful of internet stocks. The 300 composite index had moved 48.87 or 0.7 per cent ahead to 6,885.40 at mid-session.
Less-than-glamorous sulphate mining stock American Gem Corp captured the imagination of investors when it said it would start selling precious stones and jewellery over the Internet. The company had risen a hefty 51 cents to 96 cents by mid-session.
There was also sustained buying in Internet auctioneer Bid.Com International, which gained \$94.20 to \$391 in early trading.
Among the blue chips to post gains, entertainment and beverage giant Seagram rose \$2 to \$59.50 in morning trading. The company said on Wednesday that it had sold some of its US assets to Networks Inc for an undisclosed sum.
Banks racked up some strong gains. Royal Bank of Canada added \$0.15 to \$7.74 and Toronto-Dominion \$0.15 to \$37.95. Canadian Imperial put on 80 cents at \$94.
Paris remained confined to a narrow range as investors paused ahead of the meeting of the ECB board. The blue-chip CAC-40 index settled 12.68 or 0.3 per cent higher to 4,830.70 after a negative spell when Wall Street opened flat.

Dax caught in waiting game

EUROPE
The European Central Bank's deliberations on interest rates kept shares in FRANKFURT on hold yesterday. After a session of fairly narrow trading the Xetra Dax ended 40.51 better at 5,087.76.
Motors were active, with DaimlerChrysler adding \$1.54 at \$24.35 and BMW partly making up for recent underperformance, jumping \$14.20 to \$225.75. Volkswagen gained 25 cents to \$31.54 on news of plans for a share buyback.
Preussag was also a firm market, adding \$27.90 to \$237.50. Ving shed \$6.20 to \$496.50 and Karstadt, strong

elsewhere among international stocks, Unilever eased 65 cents to \$22.15.
Elsevier, down 4.1 per cent in two sessions, rallied in active trading on renewed speculation that it may link with rival media group Wolters Kluwer. The stock rose 55 cents to \$14.10 in trading volume of 8.8m shares.
KPN ran up against broker pessimism, losing 66 cents to \$38.20 after Goldman Sachs cut earnings estimates and its target price for the telecom leader as a result of regulatory uncertainties. KLM lost 76 cents at \$25.30 on dull traffic figures.
Van Amerongen, the storage and shipping group, fell steeply following a warning of a fall of between 10 and 30 per cent in earnings this year. The shares ended off \$3.10 or 10.3 per cent at \$28.90.



L'Oréal posted solid gains, boosted by higher-than-expected sales figures for the first quarter of the year. Shares in the company rose €88.50 or 6.3 per cent to €1,264.57. See Euro Prices page.
STMicroelectronics, up €4.90 or 5.1 per cent to €102, rose for the second day running, following overnight gains on Wall Street and hopes of another high-tech rally in the US.
Broadcaster TFI gained €5.30 or 5 per cent to €117, following the company's decision to repurchase up to 10 per cent of its shares.
LYMCH closed 44.40 higher to €223 despite news that its \$85 per share offer for Gucci had been rejected by the Italian fashion house, which said it was nevertheless open to further talks with the luxury goods group.
Trading in Amsterdam, Gucci closed €1.35 lower at €71.75.
Bank shares tumbled after Warburg cut its rating on Société Générale, Paribas and BNP, saying the outcome of BNP's bid for its two rivals would not be known until June. BNP lost €3.90 to €73.50, while SocGen shed €4.90 to €102 and Paribas fell €2.95 to €98.55.
AMSTERDAM ended lower after a session that focused mostly on special situations. The AEX index lost 4.88 at 637.87.
Royal Dutch was a weak market, falling €1.25 to €47.90 in 9.5m shares traded, on worries about disruption to operations in Nigeria.

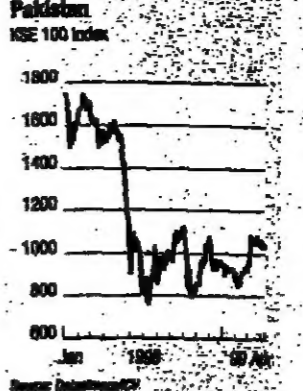
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EMERGING MARKET FOCUS

Power at hub of Karachi unease

Pakistan shares fell more than one per cent yesterday, the latest sign of investor anxiety in spite of government claims that the economy was over the worst of last year's crisis.
The KSE-100 index ended 15.51 lower at 1,094.99. Although this leaves the benchmark sitting on a gain of more than 8 per cent for this year so far, analysts warn it is still too early to hail a recovery.
Analysts' concerns were triggered by the unresolved controversy surrounding the private power generation companies. The government of Prime Minister Nawaz Sharif has spent much of its two years in office investigating alleged corruption in the sector, once seen as the most important example of foreign investment in Pakistan in the 1990s.
The power groups were accused of bribing officials in order to receive high tariffs for their electricity. Under pressure from foreign governments and multilaterals such as the World Bank, the government has said it wants to resolve the disputes amicably.
However, analysts say some government departments, especially the Finance, or accountability, group that spearheaded the investigations, are refusing to accept a settlement unless the companies drastically revise the tariffs.
Yasin Lakhani, chairman of the Karachi Stock Exchange, wants to see an immediate settlement on the dispute over tariffs between the government and Karachi's Hub power company, whose largest single shareholder is National Power.
This week a fresh drive at seeking a settlement was set in motion by Gaubur Ayub Khan, the minister of water and power. He told an energy conference that the government was giving "the highest priority" to settling the disputes.



However, Mr Lakhani said: "Every time the minister says something, the Finance group comes up with a counter-statement. The merit of the government's case is being undermined."
Analysts say the market is prone to sharp falls if there are indications that the dispute is about to intensify. However, they also point to the undemanding levels of many share prices.
According to Ali Akbar, a stockbroker: "The moment that outstanding issues are resolved there will be a quick recovery. There is no reason why investors should not get good deals if they invest selectively."
However, there is little broad accord on when recovery could be achieved. Businessmen warn that many companies are likely to declare weak profits when they unveil half-yearly results in June.
Earnings are depressed because of losses carried over from last year when Pakistan faced western economic sanctions over nuclear tests. In the months following, Pakistan's industrial output fell sharply.
At the same time, restrictions on foreign exchange repatriation have led to a fall in imported raw materials, which in turn has created export weakness.

Farhan Bokhari

Optimism in São Paulo fuels rise for Bovespa

SAO PAULO continued to rise as investors grew more optimistic about the economic outlook. The Bovespa index was up 140 or 1.3 per cent to 11,870 in early trading, a 9.1 per cent increase so far this month.
MEXICO CITY recouped earlier losses, with the IPC index posting a 6.87 or 0.1 per cent gain to 5,129.80 at mid-session.
An early decline on Wall Street, which dampened sentiment in morning trading, was offset by hopes that the latest batch of inflation figures, due later in the day, would confirm the recent slow-down in inflation.
SANTIAGO rose steadily early on as domestic investors stepped up buying amid optimism about lower interest rates and talks of economic recovery.
The IPSA index was 1.47 or 0.1 per cent higher to 123.04 at mid-session.

heavyweight HSBC, which accounts for 29.5 per cent of the benchmark and gained HK\$1.28. Hongkong Telecom added 25 cents at HK\$16.25.
BOMBAY moved lower in dull volumes after the resignation of two coalition ministers renewed political concern. Among leading stocks, Telco shed Rs5.20 to Rp149.50 and Hindustan Lever Rp33.55 at Rp2,199. The BSE Sensex index ended 46.42 or 1.4 per cent lower at 3,538.38. The number of shares traded slipped to 46.7m from 51.2m on Wednesday.
TAIPEI hit a four-month high, propelled by sustained buying in the heavily weighted electronics sector. The weighted index settled 137.52 or 1.9 per cent higher at 7,273.41 despite a late bout of profit-taking.
The technology sub-index rose 2.4 per cent, while turnover for the market as a whole swelled to \$7131.51m, nearly double Wednesday's figure. Support from foreign funds lifted high-tech stock Acer Inc T\$9.20 to T\$48.50 while Tatung Co added T\$1.30 to T\$40.50.
BANGKOK closed 1.6 per cent higher but off earlier highs as buying gave way to profit-taking in late trading.

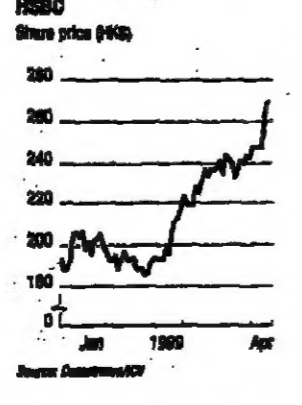
Jo'burg suffers profit-taking

SOUTH AFRICA
Shares in Johannesburg again traded narrowly, closing with another round of modest losses on the all-share index, which ended off 0.6 at 6,408.4.
Financials met with self-

ing as investors interpreted cuts in bank prime lending rates as a signal for profit-taking. The sector index shed 1.3 per cent to 9,061.7.
Industrials lost 0.6 per cent at 7,403.6 and golds also softened, losing 0.8 per cent at 2,970.2.

Foreign forces drive up Tokyo

ASIA PACIFIC
Pushed higher by Wall Street's strong overnight close and foreign demand for technology shares, TOKYO closed at its highest level for more than 12 months, writes Paul Atkinson.
The Nikkei 225 Average closed up 222 or 1.4 per cent at 16,648 after trading between 15,896 and 16,653. The more representative weighted Nikkei 300 gained 1.4 per cent or 3.68 to 269.82, while the Topix index of all first-section shares added 1.5 per cent or 20 to 1,345. Momentum was positive, with 82 stocks gaining and 86 falling.
Overseas buying drove up technology stocks. Softbank, the internet group, hit an all-time high, up ¥2,000 or 12.3 per cent at ¥18,210. Yoshitomi, the drugs group whose president is giving presentations in Europe next week, gained 17.5 per cent or ¥200 to ¥1,840.
The telecoms sector was also in demand, up 3.4 per cent. NTT DoCoMo, the mobile telecoms group, gained ¥300,000, ending at ¥6,370,000. NTT Data climbed ¥47,000 to close at ¥650,000, up 2.3 per cent.
Steel stocks continued their recent rise, up 8.3 per



cent. Nippon Steel was the most heavily traded stock, up ¥2 at ¥267. Robo Steel gained ¥5 to ¥107. Kawasaki Steel Y15 to ¥230 and NKK Y3 at ¥86.
In Osaka, the OSE index closed up 281 at 18,066.
HONG KONG hit another 12-month high, but ended well short of the best of the session following a late profit-taking late in the day. Volume was again heavy and the Hang Seng index ended up 12.97 at 11,727.84 after touching a best-of-session high of 11,888.34. Turnover was HK\$3.62m.
The Hang Seng index has risen by 655 or almost 6 per cent in two days, again the main driving force was

heavyweight HSBC, which accounts for 29.5 per cent of the benchmark and gained HK\$1.28. Hongkong Telecom added 25 cents at HK\$16.25.
BOMBAY moved lower in dull volumes after the resignation of two coalition ministers renewed political concern. Among leading stocks, Telco shed Rs5.20 to Rp149.50 and Hindustan Lever Rp33.55 at Rp2,199. The BSE Sensex index ended 46.42 or 1.4 per cent lower at 3,538.38. The number of shares traded slipped to 46.7m from 51.2m on Wednesday.
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L'ORÉAL

1998 Net profit up 12.1% Dividend up 15.6%

At its meeting of 7 April 1998, chaired by Mr. Lindsey OWEN-JONES and held in the presence of the Statutory Auditors, the Board of Directors of L'ORÉAL reviewed the Group's consolidated accounts and those of its parent company, L'ORÉAL S.A., for the 1998 financial year.

	FF billions	Euro billions	% change 1998/1997
Sales	78.42	11.48	+9.1%
Operating profit	9.49	1.46	+9.1%
Adjusted operating profit*	9.56	1.46	+13.6%
Profit on ordinary activities before taxation and employee profit sharing	6.78	1.34	+13.1%
Net profit before capital gains and losses, after minority interests	4.71	0.72	+12.1%
Earnings per share (FF and euro)	FF 69.72	euro 10.63	+12.1%
Cash flow	7.3	1.1	+8.3%
Shareholders' equity	32.4	4.9	+7.6%
Debt to equity ratio* (per cent)	13%	-	-2.6%

* Operating profit including exchange-rate gains and losses
* Debt to equity ratio including minority interests and provisions

Financial Results
The estimated results published in February were confirmed and remained in line with forecasts. Profit on ordinary activities before taxation and employee profit sharing rose 13.1% to FF 6.78 billion (euro 1.34 billion), thus marking the fourteenth consecutive year of double-digit growth. Despite a 16.4% increase in the Group's corporate tax charge, consolidated net profit before capital gains and losses and after minority interests increased by 12.1% to reach FF 4.71 billion (euro 0.72 billion).

Cosmetics
Consolidated cosmetics sales climbed to FF 61.64 billion (euro 9.38 billion), up by 8.6% on 1997, or by 11.9% excluding exchange rate fluctuations. Like-for-like growth stood at 10.6%, the best performance on record since 1990.

In Western Europe, sales grew by 11.8%, or 12.1% excluding exchange rate fluctuations. Exceptional levels of sales growth were reported in Spain (+17%), the United Kingdom (+20%), the Netherlands (+22%) and Finland (+24%).

Sales in North America grew by 12.7%, or 12.8% excluding exchange rate fluctuations. In this region, L'ORÉAL holds front-running positions in hair colourants and make-up segments. In the United States, the acquisition of Soft Sheen, a leader in ethnic haircare, will enable the Group to develop a position within a new, highly promising market.

In the rest of the world, efforts to step up global expansion went ahead, unaffected by economic fluctuations. Business volumes increased significantly in Mexico (+26%), Hungary (+33%), China (+53%) and Turkey (+133%), as well as in India (+124%) where the Group is currently establishing a market presence.

Expenditure on research and development rose 12.6%, representing a higher rate of growth than the overall increase in cosmetics sales.

The decision to focus on core businesses requiring high levels of technological specialisation involves a constant policy of rapidly expanding R&D endeavours in these areas.

The Group's production centres pursued ongoing restructuring efforts while keeping pace with the strong demand in raw colourant and make-up ranges. During the year, the Group also increased production capacity by extending its Polish plant and completing construction of a new industrial plant in China.

Dermatology
In 1998, Galderma's sales increased to FF 2 billion (over euro 300 million), up by 24.9%, or 25.3% excluding exchange rate fluctuations. Leading dermatology products such as Differin gel, Rozex and Meigrol continued to gain ground on high-potential markets. Globalisation was significantly boosted by new product launches, notably in Asia and Latin America. Galderma also strengthened its presence in Scandinavia and South Korea.

Pharmaceuticals
Sales for the pharmaceuticals division rose to FF 12.53 billion (euro 1.91 billion), up by 6.8%, or by 8.3% excluding exchange rate fluctuations. In spring 1998, Synthelabo signed an agreement with Seale which will enable it to consolidate 100% of Lorex in 2002. At end-1998, L'ORÉAL and Ef announced their intention to merge their two pharmaceutical subsidiaries into a new company, Sanos-Synthelabo, which would become the leading pharmaceutical group in France and the sixth-largest in Europe.

Dividends
At the Annual General Meeting, the Board of Directors will propose a net dividend of FF 18.50 (approx. euro 2.82) plus tax credit of FF 9.25 (approx. euro 1.41). This compares with a net dividend of FF 16 paid in 1998, on the same number of shares and investment certificates as last year (67,006,216). The dividend will be payable as of 15 June 1999.

L'Oréal's website: www.loreal-finance.com

High society loses its appeal for self-made men

http://www.ft.com

New Serb are claimed

MURDOCH BLOCKED

European Telecoms

www.loreal-finance.com